



REPORT ON REMUNERATION
OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

OF XTPL S.A.

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1. Introduction

In pursuance of the obligations set out in Article 90g of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading and public companies (Journal of Laws No. 184, item 1539, as amended; hereinafter: “**Act on Offering**”), the Supervisory Board of XTPL SA (the “**Company**”) prepares an annual report on remuneration (“**Report**”), presenting a comprehensive overview of remuneration, including all benefits, in whatever form, received or due (payable) to individual members of the Management Board and Supervisory Board in the last financial year, in accordance with the Remuneration Policy for Members of the Management Board and Supervisory Board of XTPL SA of 30 June 2020 (“**Remuneration Policy**”).

The Report covers the period from 1 January 2020 to 31 December 2020. The data presented in this Report are comprehensive and covers the full financial year 2020, as well as – for comparative purposes – the most important data for 2019. All amounts in the Report are stated in Polish zlotys and in gross terms.

Based on Article 90e of the Act on Offering, the assessment of the compliance of the remuneration paid with the Remuneration Policy covers the period from 30 June 2020, i.e. from the date of entry into force of the first Remuneration Policy, until 31 December 2020.

The Company presents below a summary of the most important remuneration events for the financial year covered by the Report:

1.1. Key events in the Company's business environment affecting the remuneration of members of the Management Board or Supervisory Board

Despite the challenging economic situation caused by the COVID-19 pandemic, the activities of XTPL Group (“**XTPL Group**”) in which the Company plays a dominant role, were continued in 2020 without any significant disruptions. The Company's business model is not based on operations in the sectors most exposed to the adverse impact of the pandemic and the global crisis.

Although the Company's employees had to adapt to the new reality, while maintaining the continuity of work, the good preparation of the Company for teleworking ensured that the previously prepared teamwork tools could be put to use also at this exceptional time. Technological work is continued at the Company's headquarters while maintaining all the standards announced by state institutions. Business contacts and meetings with partners were held as teleconferences, and any planned actions (e.g. shipping the ink to buyers, and preparation and dispatch of samples under the technology evaluation agreements) were continued as scheduled.

In 2020, the Company entered into the first commercial contracts for the sale of the nanoink developed by its in-house R&D unit – the nanoinks have special innovative physicochemical properties which are interesting from the point of view of manufacturers of advanced electronics, and are protected by international patent applications. The first transactions confirmed the great potential of the XTPL technology, unlocked further commercial opportunities for the Company and increased its credibility in the market. At the same time, the Company continued to work with industrial partners and academic research and development centers to commercialize the printing technology.

The Company conducted several dozen talks with entities interesting in the purchase of the UPD-XTPL Delta Printing System technology demonstrator – a device intended for laboratory applications and rapid prototyping. The Company's clients included research centers, universities and institutes of technology, as well as representatives of companies from electronics, semiconductor and display industries. The work on commercialization of the UPD technology demonstrator has led to signing a long-term lease-purchase agreement for the XTPL Delta Printing System device with the University of Stuttgart, Institute for Large Area Microelectronics. With this agreement, the Institute has become the first user of the device equipped with the UPD technology developed by the Company.

The Company also entered into further technology evaluation agreements with OSRAM Opto Semiconductors GmbH based in Germany and Suzhou Cowin Laser Technology Co Ltd. based in China. The purpose of the agreements is to confirm parameters of the technology developed and commercialized by the Company and to assess the possibility of implementing the technology in the partner's production processes. The Company also completed the evaluation process carried out with Hefei BOE Joint Technology Co. Ltd. related to the production of a new generation of displays. Currently, the structures produced by the Company are being verified before commencement of further stages of negotiations with the display manufacturer.

The Company also continued to build the international patent cloud of XTPL solutions. During 2020, 10 patent applications were filed. In total, the Company already has 18 applications and patents to its name – trademarks registered with the Patent Office of the Republic of Poland and the European Union Intellectual Property Office, as well as in China, with one patent granted – obtained in Australia, China, South Korea, the United States, Germany and Great Britain. The degree of intellectual property protection is bound to position the Group well in negotiations about future commercial contracts, while ensuring security in the commercialization of its unique technology.

2020 was also a period of intensive work of the Management Board on acquiring finance by issuing shares and convertible bonds. The Company obtained PLN 9.25 million as a result of the issue of shares, and PLN 3.6 million from the issue of convertible bonds. As a result of completed financing round, the Company obtained PLN 12.85 million for its further growth. The issue proceeds will be used for R&D, continued commercialization, and extension of the intellectual property portfolio. Currently the Company has funds secured for R&D and operating activity until the beginning of 2022.

At the same time, the Company's R&D department achieved further progress in research and development, working on continued development of the printing process using highly concentrated conductive ink based on silver nanoparticles. The breakthrough technological result achieved by the R&D team was the demonstrated ability to print precise conductive features that effectively cover a high step, up to 150 micrometers. This capability has opened up new talks with potential clients.

The research conducted by the Company also focused on increasing the repeatability and speed of printing connections on substrates with advanced topography, As a result, the time needed to print a single conductive connection on steep edges was reduced to less than 1 second. For the Company, this opens further application areas related to advanced electronic circuits or integrated circuits.

The use of the UPD technology in these markets fits with the strategy adopted by a group of experts from the semiconductor industry (from the United States, Europe, Japan, China, South Korea and Taiwan) laid down in the documents of the National Technology Roadmap for Semiconductors (NTRS), which provide for integration of individual electronic circuits into one integrated circuit. The precise deposition of material with a high concentration of nanoparticles started to be used in the Company's several new technological and business streams. This is testament to the uniqueness of the developed solution and its potential to be used in new technologies.

The above events confirm the uninterrupted development of the Company's and XTPL Group's operations, and full implementation of their goals and business strategy, not undermined by the difficult economic situation caused by COVID-19.

Due to the strong development of both the Company and XTPL Group, the most up-to-date information on the activities and business strategy is published on an ongoing basis at: <https://ir.xtpl.com/pl/>.

1.2. Changes in the composition of the Management Board/ Supervisory Board

In 2020, personal changes were made in the Company's Management Board. It consisted of:

- Filip Granek – Management Board President;
- Jacek Olszański – Management Board Member (since 30 June 2020);
- Maciej Adamczyk – Management Board Member (until 27 February 2020).

In 2020, the composition of the Supervisory Board has changed with expiry of the term of office of the Supervisory Board on 30 June 2020, as well as due to resignations resulting in the appointment of new members of the Supervisory Board. In 2020, the Supervisory Board consisted of:

- Wiesław Rozłucki – Supervisory Board Chairman;
- Bartosz Wojciechowski – Deputy Chairman of the Supervisory Board;
- Andrzej Domański – Deputy Chairman of the Supervisory Board (since 5 November 2020);
- Piotr Lembas – Supervisory Board Member;
- Beata Turlejska-Zduńczyk – Supervisory Board Member;
- Herbert Wirth – Supervisory Board Member (since 10 January 2020);
- Konrad Pankiewicz – Supervisory Board Member (until 30 June 2020);
- Sebastian Młodziński – Supervisory Board Member (until 9 January 2020).

1.3. Key changes in the Remuneration Policy

The Remuneration Policy was introduced on 30 June 2020. On 5 November 2020, the General Meeting of the Company adopted a resolution to change Section 5.2 of the Policy, whereby it allowed to vary the remuneration of members of the Supervisory Board not only in relation to the chairman and members of the Supervisory Board (including those acting as members of the Audit Committee), but also in relation to deputy chairpersons. The change entered into force on the day of adoption of the resolution.

1.4. Exceptions to the Remuneration Policy

In the reporting year, the Company did not apply any exceptions to the procedure of implementing the Remuneration Policy or the exceptions referred to in Article 90f of the Act on Offering.

2. Total remuneration broken down into components and the proportions between these components

Below, the Company presents in separate tables the amount of total remuneration, including all benefits, in whatever form, due to individual members in the last financial year, and at the same time received by individual members of the Management Board and Supervisory Board in the last financial year (all due remuneration were paid on time), subject to the following sentence, including proportions between variable and fixed components.

Where fixed remuneration is paid in arrears by the 10th day of the following month, the Report for a given year reflects the amounts of the fixed remuneration for the period January–December; in the given year, no account is taken of the remuneration for December of the previous year, paid in January of the reporting year; however, account is taken of the remuneration for December of the reporting year, which is paid by 10 January of the following year.

Data are rounded to the nearest zloty. **Total remuneration of Management Board members**

The current members of the Company's Management Board are employed at the Company under employment contracts. For performance of their respective functions, they receive remuneration in a fixed monthly amount determined by a resolution of the Company's Supervisory Board. Moreover, they receive additional cash and non-cash benefits specified in item 9.1. Remuneration policies, i.e. group life insurance and additional health insurance (partially funded by the Company and partly by members of the Management Board). Remuneration of members of the Management Board does not include benefits for their next-of-kin.

In accordance with resolution No. 04/2020 of the Company's Supervisory Board of 30 June 2020, the remuneration of the Member of the Management Board Jacek Olszański depends on the amount of the revenue generated by the Company from the sale of products or volume-weighted average price (VWAP) of the Company's share, in that the amount of remuneration will be increased if the Company achieves certain results. In the reported financial year, the above-mentioned mechanism was not triggered with respect to the remuneration of Jacek Olszański.

In accordance with the Remuneration Policy, the value of the fixed monthly remuneration of a member of the Management Board may not be higher than 10 times the average monthly remuneration of the Company's employees who are not members of the Company's Management Board or Supervisory Board, from the period of 12 consecutive calendar months immediately preceding the date of appointment of a member of the Company's Management Board to perform his/her function. The Company met this requirement.

As part of variable remuneration, members of the Company's Management Board may receive a reward for patent applications in accordance with the rules arising from the "Patent Motivation Program Procedure", as well as remuneration in the form of financial instruments, in accordance with the Company's Incentive Scheme Regulations.

The amount of awards for patent applications for a given member of the Management Board in a financial year may not be higher than the fixed monthly remuneration of the member of the Management Board, while the value of financial instruments awarded to members of the Company's Management Board in relation to their fixed components of remuneration is variable and is not subject to restrictions other than those resulting from the Incentive Scheme Regulations.

The principles of the Company's incentive programs are described in more detail in Section 7 of the Report. The table showing the amount of the total remuneration of Management Board members in a given year includes instruments that were offered by the Company in that period, regardless of the date of vesting or acquisition of those instruments.

The value is shown only for shares and includes the amount of the (potential) benefit for the Management Board member, i.e. the market value as of the quotation date on which the shares were offered, less the value of any contribution paid or payable in the future by the Management Board member (if in accordance with the applicable regulations of the scheme, shares are partially acquired free of charge).

The value of the benefit is only potential due to the fluctuating share price (the value of the benefit is stated as at a specific day).

Total remuneration of Management Board members
due and received in 2020

Management Board member's name and position		Fixed components of remuneration			Variable components of remuneration			Total components of remuneration	Proportion of variable and fixed remuneration
		Remuneration in respect of appointment	Remuneration under employment contracts	Additional cash and non-cash benefits	Reward for patent application	Financial instruments			
						Subscription warrants: (Quantity)	shares (value)		
Filip Granek CEO	2020	0	360,000	2,116 ^[2]	0	0	71,400 ^[4]	433,516	fixed – 84% variable – 16%
	2019	0	360,000	1,896 ^[2]	0	0	1,080,992 ^[5]	1,442,888	fixed – 25% variable – 75%
Jacek Olszański Management Board Member from 30.06.2020	2020	0	120,000	474 ^[3]	0	0	0 ^[6]	120,474	n/ a – no variable remuneration
	2019	-	-	-	-	-	-	-	-
Maciej Adamczyk Management Board Member until 27 February 2020	2020	20,000	58,976 ^[1]	158 ^[3]	0	0	0	79,134	n/ a – no variable remuneration
	2019	120,000	240,000	948 ^[3]	0	0	929,884 ^[7]	1,290,832	fixed – 28% variable – 72%

^[1] The amount includes payment in lieu of unused vacation (PLN 18,976.00) for Maciej Adamczyk following termination of his employment contract.

^[2] Annual premiums for private medical care in the part funded by the Company and group life insurance premiums in the part funded by the Company.

^[3] Annual amount of contributions for group life insurance in the part funded by the Company.

^[4] Value of the shares offered by the Company in March 2020 for 2019 under the incentive scheme for 2019–2021 – 1,000 shares of the Company acquired for PLN 1.00/ share; market value of 31 March 2020 – PLN 72.40; the shares were acquired in 2021.

^[5] Value of the shares offered in June 2019 for 2018 under the incentive scheme for 2018–2019 – 7,304 shares of the Company acquired for PLN 1.00/ share; market value of 26 June 2019 – PLN 149.00; the shares were acquired in 2019.

^[6] In 2020, Jacek Olszański acquired 1,250 shares of the Company (offered in March 2020 for 2019 as part of the incentive scheme for 2019–2021); however, taking into account the fact that the rights to acquire these shares vested before the date of appointment to the Management Board, they were not presented as Management Board Member's remuneration.

^[7] Value of the shares offered in June 2019 for 2018 under the incentive scheme for 2018–2019 – 6,283 shares of the Company acquired for PLN 1.00/ share; market value of 26 June 2019 – PLN 149.00; the shares were acquired in 2019.

2.1. Total remuneration of Supervisory Board members

In accordance with point 5.2 of the Remuneration Policy, for performance of their respective functions, members of the Company's Supervisory Board receive remuneration in the form of a fixed monthly amount determined by a resolution of the Company's General Meeting. The amount of the remuneration payable to the Chairman, Deputy Chairmen and members of the Company's Supervisory Board, including those who serve as members of the Company's Audit Committee, may vary.

In accordance with point 4.2 of the Remuneration Policy, the value of the fixed monthly remuneration of a member of the Supervisory Board may not be higher than 10 times the average monthly remuneration of the Company's employees who are not members of the Company's Management Board or Supervisory Board, from the period of 12 consecutive calendar months immediately preceding the date of appointment of a member of the Company's Supervisory Board to perform his/her function. The Company met this requirement.

Members of the Company's Supervisory Board: Bartosz Wojciechowski, Piotr Lembas and Barbara Turlejska-Zduńczyk participate in employee capital plans, on the terms set out by law, and subject to the conditions applicable to the Company's employees.

On the other hand, members of the Company's Supervisory Board do not receive any additional cash and non-cash benefits. Likewise, no benefits are paid to their relatives. Further, they are not remunerated on the basis of variable remuneration components. In view of the above, the Remuneration Policy does not define the proportion of fixed and variable components of their remuneration referred to in Article 90d(3)(2) of the Act on Offering.

Total remuneration of Supervisory Board members
received or payable in 2020

Supervisory Board member's name and position		Fixed components of remuneration			Additional retirement and disability benefits	Total components of remuneration	Proportion of variable and fixed remuneration
		Remuneration in respect of appointment	Remuneration for performing an additional role in a separate committee	Additional cash and non-cash benefits			
Wiesław Rozłucki Chairman of the Supervisory Board, Chairman of the Audit Committee	2020	96,000	12,000	0	0	108,000	N/A – no variable remuneration
	2019	96,000	8,000	0	0	104,000	
Bartosz Wojciechowski, Deputy Chairman of the Supervisory Board	2020	14,000	0.00	0	28 ^[1]	14,028	
	2019	12,000	0.00	0	0	12,000	
Andrzej Domański, Deputy Chairman of the Supervisory Board since 5 November 2020	2020	3,733	1,200	0	0.00	4,933	
	2019	-	-	-	-	-	
Piotr Lembas, Supervisory Board Member, Audit Committee Member	2020	12,000	12,000	0	30 ^[1]	24,030	
	2019	12,000	8,000	0	0	20,000	
Beata Turlejska-Zduńczyk, Supervisory Board Member since 30 June 2020	2020	6,033	0.00	0	15 ^[1]	6,048	
	2019	-	-	-	-	-	
Herbert Wirth, Supervisory Board Member, Audit Committee Member since 10 January 2020	2020	11,710	11,000	0	0	22,710	
	2019	-	-	-	0	-	
Konrad Pankiewicz, Supervisory Board Member until 29 June 2020	2020	5,967	0	0	0	5,967	
	2019	12,000	0	0	0	12,000	
Sebastian Młodziński, Supervisory Board Member, Audit Committee Member until 9 January 2020	2020	290	290	0	0	580	
	2019	12,000	8,000	0	0	20,000	

^[1] Contributions to the Employee Capital Plans funded by the Company.

3. An explanation of how the total remuneration complies with the adopted Remuneration Policy, including how it contributes to achievement of the Company's long-term performance

This Report presents a comprehensive overview of remuneration, including all benefits, in whatever form, received by individual members of the Management Board and Supervisory Board of the Company or due to individual members in the last financial year, in accordance with the Remuneration Policy.

It should be concluded that the **total remuneration of the members of the Management Board and Supervisory Board of the Company** is in line with the adopted Remuneration Policy. This is due to the following circumstances:

- In accordance with Article 90e of the Act on Offering, since the effective date of the Remuneration Policy, the Company has paid remuneration to members of the Management Board and Supervisory Board only in accordance with the provisions of the Policy – the remuneration included only components provided for in the Remuneration Policy and were paid in accordance with its rules, including in an appropriate amount, subject to proper legal basis and based on predefined criteria;
- The remuneration of members of the Company's Management Board and Supervisory Board are intended to ensure fair remuneration for members of the Company's Supervisory Board and to motivate members of the Company's Management Board to actively engage in activities aimed at developing, implementing and pursuing the Company's business strategy ensuring the Company's development and achievement of positive financial performance.
- The amount of fixed remuneration components makes it possible to engage at the Company people whose competencies ensure proper management and supervision of the Company; this remuneration is determined in accordance with market practice, as well as in keeping with the principle resulting from the Policy, which makes the maximum amount of fixed remuneration of members of the Management Board and Supervisory Board dependent on the average monthly remuneration of employees of the Company who are not members of the Company's Management Board or Supervisory Board, from the period of 12 consecutive calendar months directly preceding the date of appointment of a given member of the Supervisory/ Management Board (max. 10 times this remuneration);
- The purpose of the variable remuneration component in the form of reward for patent application is to motivate members of the Company's Management Board to submit their own scientific ideas and to realize their scientific professional potential, so that in this way they can contribute to the increase of the Company's market value also in the scientific area, and thus the value of shares held by the Company's shareholders.
- The principles of paying remuneration are in line with the Company's corporate culture and values.

Furthermore, **the total remuneration of members of the Management Board and Supervisory Board contributes to the Company's long-term performance, including through:**

- Application of the method of increasing the fixed monthly remuneration of Jacek Olszański, Management Board Member based on the Company's revenue from the sale of products or volume-weighted average price (VWAP) of the Company's share – this makes it possible to indirectly tie the Company's financial performance to remuneration of members of governing bodies and to motivate them;
- Adoption at the Company of an incentive scheme based on shares and subscription warrants, which supports delivery of the Company's goals, and in particular ensure long-term growth of value for shareholders and stability of the business; an important feature influencing an incentive nature of the remuneration of Management Board Members and key managers is to link interests with the interests of the Company by offering them shares that entitle

them to direct participation in the Company's profits, as well as ensuring their long-term involvement in the Company's activities.

4. Application of performance criteria

The Company may pay variable remuneration to members of the Management Board in the form of:

(1) Reward for patent applications;
and

(2) financial instruments (subscription warrants or shares of the Company) under the Incentive Scheme for 2019–2021.

(1) Awards for patent applications are based on innovation performance. In 2020, no awards for patent applications were granted.

(2) Financial instruments are awarded based on performing a function in the Management Board in conjunction with the Supervisory Board's assessment of the legitimacy of awarding variable remuneration in the form of financial instruments. No additional criteria – in the form of individual KPIs – for awarding financial instruments have not been set by the Supervisory Board for 2020.

The award of rights to acquire shares or the allocation of subscription warrants under the Incentive Scheme for 2020 took place by a resolution of the Supervisory Board adopted on 31 March 2021.

The purpose of the incentive scheme (which also covers the Company's Management Board Members) is to:

- create mechanisms that will motivate the Management Board and personnel of the Company and the Group to undertake activities that will lead to a rapid increase in the Company's and the Group's revenues and profits and ensure the Company's and the Group's long-term development, consequently increasing the value of the Company's shares;
-
- ensure a stable composition of the Management Board and personnel of the Company and the Group;
- maintain a high level of motivation of the Management Board and personnel of the Company and the Group.

In the Company's opinion, the system in which not only Management Board members, but also key management personnel participate in potential financial success is one of the most important factors that might contribute to rapid growth and market expansion and, quite importantly, without increasing current cash expenses.

To add to the motivational aspect of the remuneration payable to the Management Board Member Jacek Olszański – in addition to the right to acquire the Company's subscription warrants or shares – the Company has applied a method of increasing his fixed monthly remuneration based on the Company's performance, i.e. the Company's revenue from the sale of products or volume-weighted average price (VWAP) of the Company's share. In 2020, his remuneration was not increased based on the above-mentioned method.

The method of applying the bonus criteria described above applies only to the period covered by the report, i.e. the financial year 2020. 2019 was not taken into account in this respect as no Remuneration Policy was in operation at that time.

5. Information on annual changes in the remuneration of members of the Management Board and Supervisory Board, the Company's performance and the average remuneration of the Company's employees who are not members of the Management Board or Supervisory Board

Pursuant to Article 90g(3), the data for the years 2016–2018 during which the Supervisory Board was not required to prepare a remuneration report, have been omitted. 2019 data have been provided for comparative purposes.

Changes in the amount of the remuneration of the Management Board between 2019 and 2020 resulted from changes in the composition of the Management Board and the lack of receipt of variable remuneration in 2020 payable to a Management Board Member.

Figures in PLN thousand		2019	2020
Management Board's remuneration (total)		2,733.7	633.1
	Annual change		-76.8%
Supervisory Board's remuneration (total)		168.0	186.3
	Annual change		+10.1%
Net revenue from sales		2,063	2,294
	Annual change		+11.2%
Gross profit on sales		-5,253	-534
	Annual change		N/A
Average remuneration of the Company's employees other than members of the Management Board and Supervisory Board (annual)		92.6	96.6
	Annual change		+4.3%

6. Remuneration from entities belonging to the same corporate group

In the reported financial year, the Management Board Member Jacek Olszański received remuneration from a subsidiary of the Company for provision of services to it (the value and basis for payment of the remuneration are presented in the table below).

Other members of the Management Board and Supervisory Board did not receive any remuneration from other entities from XTPL Group.

Remuneration received by Management Board members from Group entities

Management Board member's name and position		Paying entity	Fixed components of remuneration		Total components of remuneration
			Remuneration in respect of service provision ^[1]	Role	
Jacek Olszański, Management Board Member since 30 June 2020	2020	TPL Sp. z o.o.	7,200	CEO	7,200
	2019		-	-	-

^[1] Due to the nature of the cooperation (provision of services in the B2B model), the amount of remuneration for the provision of services was presented in net terms.

7. Number of awarded or offered financial instruments and main conditions for the exercise of rights from these instruments

In accordance with the content of the Remuneration Policy, members of the Company's Management Board may receive additional remuneration in accordance with the principles set out in the Incentive Scheme Regulations. The purpose of remunerating members of the Company's Management Board with financial instruments is to create additional motivation for them to implement the Company's strategy so as to ensure a steady increase its market value, and thus the value of shares held by the Company's shareholders.

7.1. Incentive Scheme for 2018–2019

In 2018–2019, under Resolution No. 4/11/2017 of the Extraordinary General Meeting of the Company of 29 November 2017, the Company operated an incentive scheme, subsequently repealed by Resolution No. 03/04/2019 of the Company's Extraordinary General Meeting of 24 April 2019.

As part of the settlement of the scheme for 2018, in 2019 Filip Granek (CEO) received 7,304 shares of the Company, and Maciej Adamczyk (Management Board Member until 27 February 2020) received 6,283 shares of the Company. Details on the value of this (potential) benefit are presented in the table on the total remuneration of Management Board Members (point 2.1 of the Report).

7.2. Incentive Scheme for 2019–2021

The rules of the current incentive scheme for the period 2019–2021 ("Scheme") result from the regulations adopted by the Company's Management Board after a positive opinion from the Supervisory Board pursuant to §3 of EGM resolution No. 04/04/2019 of 24 April 2019.

The Scheme entitles its participants to:

- obtain free of charge subscription warrants entitling them to acquire series R ordinary bearer shares in the share capital of the Company for an issue price specified in the Scheme, i.e. PLN 165.84/ share)
- or
- acquire series L and P ordinary bearer shares for a nominal price of PLN 0.10/ share.

Entitled to participate in the Scheme are, *inter alia*, members of the Company's Management Board. The condition for awarding warrants or the right to acquire existing shares to members of the Management Board is to act as a member of the Management Board on 31 December of a given year of the Scheme. Furthermore, the Supervisory Board may adopt a resolution establishing individual KPIs for each member of the Management Board. Achievement of those KPIs will condition the final award of warrants or the right to acquire shares to individual members of the Management Board. The Supervisory Board may make the subscription or acquisition of shares conditional on prior conclusion of a lock up agreement with the Company on the terms specified by the Company's Management Board or Supervisory Board, respectively.

The award of subscription warrants or the right to acquire shares to the members of the Management Board takes place under a resolution of the Supervisory Board of the Company adopted by 31 March of the following financial year after the end of the Scheme's year for which the warrants or the right to acquire shares were awarded.

In March 2020, as part of implementation of the Scheme for 2019, acquisition of the following number of shares was offered:

- Filip GrANEK (CEO) was granted the right to purchase 1,000 shares of the Company – the shares were acquired in January 2021 (conclusion of the share purchase agreement provided for in the Scheme’s regulations) – the value of the potential benefit, valued at the time of offering the shares, is presented in the table on the total remuneration of members of the Management Board (item 2.1 of the Report);
- Jacek Olszański (Member of the Management Board since 30 June 2020) – in the period prior to his appointment to the Management Board of the Company (i.e. as an employee of the Company), was awarded the right to acquire 1,250 shares of the Company (the shares were offered in March 2020); as a result of signing a share purchase agreement, the shares were acquired after the date of appointment to the Management Board, however, taking into account the fact that the rights to acquire the shares were granted before that date and under the then existing employment contract, the acquired shares were not presented as remuneration in point 2.1. of the Report.

In March 2021, as part of implementation of the Scheme for 2020, acquisition of the following number of shares was offered:

- Filip GrANEK (CEO) was granted the right to acquire 5,000 shares of the Company and 2,000 subscription warrants. The shares have not yet been acquired – the value of the potential benefit, estimated at the time of offering the shares, is PLN 339,000. Due to the fact that the market valuation of the Company's shares as at the date of award of the warrants is lower than the price of acquiring shares based on those warrants, the value of the potential benefit in respect of the warrants was estimated at PLN 0.00.
- Jacek Olszański (Management Board Member since 30 June 2020) was granted the right to acquire 3,000 shares of the Company and 2,000 subscription warrants. The shares have not yet been acquired – the value of the potential benefit, estimated at the time of offering the shares, is PLN 203,400. Due to the fact that the market valuation of the Company's shares as at the date of award of the warrants is lower than the price of acquiring shares based on those warrants, the value of the potential benefit in respect of the warrants was estimated at PLN 0.00.
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8. Information on how to use the option to claim refund of variable remuneration components

In the reporting period the Company did not claim refund of variable remuneration.

9. Information on exceptions to the Remuneration Policy, including an explanation of the rationale and procedure, and an indication of the items covered by the exception

9.1. Information on exceptions to the procedure for implementing the Remuneration Policy

In the reporting period, the Company did not apply any exception to the procedure of implementing the Remuneration Policy.

9.2. Information on derogations applied according to Article 90f of the Act on Offering

In the reporting period, the Company did not use the option of temporary derogation from the Remuneration Policy in the manner provided for in Article 90f of the Act on Offering and point 10 of the Remuneration Policy.

10. Explanation of the manner of considering the General Meeting’s resolution expressing opinion on the previous remuneration report

This Report has been prepared for the first time, and therefore shareholders have not issued any resolution with opinion on a previous report. This obligation will be complied with when the next remuneration report is drafted.

The Report was approved by the Supervisory Board by resolution No. [] of [] .2021.

The Report was assessed by a statutory auditor to see if it includes the information required under Article 90g(1–1-5) of the Act on Offering. 4Audyty Sp. z o.o. is the entity authorized to assess the Report.

Prepared by:	Signature:
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