REPORT OF THE SUPERVISORY BOARD
OF MERCOR S.A. OF GDAŃSK
ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD
IN THE FINANCIAL YEAR 2022/2023

This Report of the Supervisory Board of MERCOR S.A. of Gdańsk (the "**Company**" or "**MERCOR**") on the remuneration of Members of the Management Board and Supervisory Board in the financial year ended March 31st 2023 (the "**Report**") has been prepared by the Supervisory Board pursuant to Art. 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (consolidated text: Dz.U. of 2022, item 2554, as amended) and presents the information on remuneration, including benefits received by and payable to individual members of the Management Board and Supervisory Board in the financial year 2022/2023, in accordance with the Remuneration Policy for Members of the Management Board and Supervisory Board (the "**Policy**" or the "**Remuneration Policy**") adopted by Extraordinary General Meeting Resolution No. 4 of June 30th 2021.

The Company's financial year runs from April 1st to March 31st (Resolution No. 7 of the Company's Extraordinary General Meeting of October 29th 2009).

A positive opinion on the Report on the Remuneration of Members of the Management Board and Supervisory Board in the financial year ended March 31st 2022 was issued by Resolution No. 9 of the Annual General Meeting of MERCOR S.A. dated September 30th 2022.

1. Aggregate remuneration, broken down into the components referred to in Art. 90d.3.1 of the Public Offering Act, and the relative proportions of these components

MANAGEMENT BOARD

The terms and conditions of remuneration for Management Board members are determined by the Supervisory Board based on the Company's current needs and on a case-by-case basis in accordance with the principle of non-discrimination.

The remuneration of Management Board Members comprised:

- ➢ Monthly base remuneration (fixed component) – determined individually for each Management Board Member,
- ➢ Variable remuneration – based on performance against objectives;
- ➢ Selected additional benefits in the form of:
    - ✓ a private medical care package under the terms applicable to all employees of the Company,
    - ✓ a gym and fitness package under the terms applicable to all employees of the Company,
    - ✓ a reader's package under the terms applicable to all employees of the Company,
    - ✓ co-financing of a foreign language course.

The Management Board Members used the Company's property (company cars, mobile phones, laptops) necessary for the performance of tasks assigned to their roles. They also had the right to participate in the Employee Capital Plan, in accordance with the generally applicable laws.

Gross remuneration of Management Board Members in the financial year 2022/2023

Krzysztof Krempeć:

	Remuneration amount	% of total remuneration
Base remuneration	PLN 301,823.63	45.42%
Variable remuneration	PLN 360,000.00	54.17%
Additional benefits (packages: medical, reader's, English course)	PLN 2,742.21	0.41%
Employee Capital Plan (PPK)	- PLN	-
TOTAL	PLN 664,565.84	

Jakub Lipiński:

	Remuneration amount	% of total remuneration
Base remuneration	PLN 344,570.00	48.45%
Variable remuneration	PLN 360,000.00	50.62%
Additional benefits (packages: medical, gym and fitness)	PLN 1,392.69	0.19%
Employee Capital Plan (PPK)	PLN 5,261.45	0.74%
TOTAL	PLN 711,224.14	

Tomasz Kamiński

	Remuneration amount	% of total remuneration
Base remuneration	PLN 404,570.00	52.87%
Variable remuneration	PLN 360,000.00	47.04%
Additional benefits (packages: medical, reader's)	PLN 702.32	0.09%
TOTAL	PLN 765,272.32	

The amount of fixed monthly remuneration of each Management Board Member was determined by the Supervisory Board taking into account the function held on the Management Board, the scope of duties and responsibilities, professional experience, previous achievements and qualifications. Variable remuneration had the form of individual annual Unit Subscription Agreements. On April 1st 2021, Members of the Management Board were awarded units. The exercisability of rights under the units was made conditional on the amount of net profit from continuing operations of the MERCOR Group (the "**Group**") earned in the period from April 1st 2021 to March 31st 2022. Also the value of a unit was made conditional on the amount of Group's net profit. The rights attached to the units were exercised, in accordance with the Agreements, in July 2022 upon receiving the auditor's opinion on the consolidated financial statements of the Group.

The adopted Remuneration Policy does not provide for maximum proportions between the variable and fixed remuneration components. The fixed components of remuneration of Management Board Members are intended to represent such a proportion of the total remuneration as to enable the Company to pursue a flexible variable remuneration component policy that will depend on the Company's results and support the achievement of its business objectives.

The remuneration of Management Board Members did not include any (monetary or non-monetary) benefits for their next of kin.

SUPERVISORY BOARD

Members of the Supervisory Board receive fixed monthly remuneration in the amount determined by the General Meeting based on the Company's current needs and on a case-by-case basis in keeping with the principle of non-discrimination. Members of the Supervisory Board are not entitled to receive variable remuneration.

They may participate in the Employee Capital Plan in accordance with the generally applicable laws.

Gross remuneration of Supervisory Board Members in the financial year 2022/2023

First name and surname	Fixed remuneration	Employee Capital Plan (PPK)	Total
Eryk Karski	PLN 69,317.60	PLN 1,039.78	PLN 70,357.38
Arkadiusz Kęsicki	PLN 69,317.60	PLN 1,039.78	PLN 70,357.38
Lucjan Myrda	PLN 103,976.36	- PLN	PLN 103,976.36
Marian Popinigis	PLN 69,317.60	- PLN	PLN 69,317.60
Tomasz Rutowski	PLN 69,317.60	PLN 944.59	PLN 70,262.19
Pathy Timu Zenzo	PLN 69,317.60	- PLN	PLN 69,317.60
Błażej Żmijewski	PLN 69,317.60	- PLN	PLN 69,317.60

In addition, Members of the Supervisory Board are reimbursed for expenses directly related to their service on the Supervisory Board or their attendance at the General Meeting.

The remuneration of Supervisory Board Members does not include any (monetary or non-monetary) benefits for their next of kin.

2. Explanation of how total remuneration complies with the adopted remuneration policy, including how it contributes to delivering long-term results by the Company

Remuneration of Members of the Management Board and Supervisory Board was paid in accordance with the Remuneration Policy.

The amount of fixed remuneration of the Management Board Members was appropriate to the scope of their duties, responsibilities, professional experience and qualifications. Making the variable component, granted in the form of annual individual unit subscription programmes, dependent on the results achieved was an incentive linking the interests of the Management Board Members with those of the Company.

Decoupling the remuneration of Supervisory Board Members from the results was conducive to the pursuit of the adopted business strategy, long-term interests and stability of the Company.

In the financial year ended March 31st 2023, the remuneration paid to the Management Board and Supervisory Board Members provided a sufficient incentive for management and supervisory personnel at the Company.

3. Explanation of how performance criteria were applied

Members of the Management Board may only receive variable remuneration component if the Group’s net profit from continuing operations, determined in accordance with the Company’s accounting policies, exceeds the threshold defined by the Supervisory Board. The date on which a Management Board Member’s remuneration payable in the exercise of rights under the units becomes due is the date on which the auditor issues its opinion on the consolidated financial statements of the Group for the closed financial year.

4. Information on the annual change in remuneration, the Company's results, and average remuneration of the Company's employees other than Management Board Members or Supervisory Board Members over at least the five most recent financial years, presented together in a manner which permits comparison

COMPARISON OF REMUNERATION FOR MANAGEMENT BOARD MEMBERS
OVER THE LAST FIVE FINANCIAL YEARS

Financial year	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Krzysztof Krempeć					
gross remuneration *(PLN '000)*	**480**	**481**	**780**	**825**	**665**
year-on-year change *(PLN '000)*	300	1	299	45	-160
year-on-year change *(%)*	167%	0%	62%	6%	-19%
Jakub Lipiński					
gross remuneration *(PLN '000)*	**596**	**592**	**605**	**673**	**711**
year-on-year change *(PLN '000)*	0	- 4	13	68	38
year-on-year change *(%)*	0%	-1%	2%	11%	6%
Tomasz Kamiński					
gross remuneration *(PLN '000)*	**602**	**599**	**601**	**670**	**765**
year-on-year change *(PLN '000)*	2	- 3	2	69	95
year-on-year change *(%)*	0%	0%	0%	11%	14%

COMPANY'S AND MERCOR GROUP'S FINANCIAL RESULTS IN THE LAST FIVE FINANCIAL YEARS

MERCOR Group consolidated data

Consolidated data	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Gross profit *(PLN '000)*	**21,021**	**29,402**	**35,051**	**40,788**	**60,439**
change (PLN '000)	*5,981*	*8,381*	*5,649*	*5,737*	*19,651*
change (%)	*40%*	*40%*	*19%*	*16%*	*48%*
Net profit from continuing operations *(PLN '000)*	**15,261**	**23,363**	**29,521**	**32,479**	**47,218**
change (PLN '000)	*3,532*	*8,102*	*6,158*	*2,958*	*14,739*
change (%)	*30%*	*53%*	*26%*	*10%*	*45%*
Net profit *(PLN '000)*	**14,817**	**23,363**	**29,521**	**32,479**	**47,218**
change (PLN '000)	*3,793*	*8,546*	*6,158*	*2,958*	*14,739*
change (%)	*34%*	*58%*	*26%*	*10%*	*45%*

MERCOR S.A. separate data

Separate data	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Gross profit *(PLN '000)*	**17,151**	**7,764**	**21,858**	**28,908**	**29,911**
change (PLN '000)	*7,097*	*-9,387*	*14,094*	*7,050*	*992*
change (%)	*71%*	*-55%*	*182%*	*32%*	*3%*
Net profit from continuing operations *(PLN '000)*	**13,545**	**5,115**	**18,142**	**24,575**	**23,929**
change (PLN '000)	*5,467*	*-8,430*	*13,027*	*6,433*	*-646*
change (%)	*68%*	*-62%*	*255%*	*35%*	*-3%*
Net profit *(PLN '000)*	**13,102**	**5,115**	**18,142**	**24,575**	**23,929**
change (PLN '000)	*5,729*	*-7,987*	*13,027*	*6,433*	*-646*
change (%)	*78%*	*-61%*	*255%*	*35%*	*-3%*

AVERAGE MONTHLY GROSS REMUNERATION OF EMPLOYEES WORKING UNDER EMPLOYMENT CONTRACTS AT MERCOR S.A.
IN THE LAST FIVE FINANCIAL YEARS

Year	Average remuneration (excluding Management Board members) *PLN '000*	Year-on-year change in average remuneration (excluding Management Board members) %
2018/2019	7.2	13%
2019/2020	7.0	-3%
2020/2021	7.4	6%
2021/2022	8.5	15%
2022/2023	9.5	12%

5. Amount of remuneration from entities of the same group within the meaning of the Accounting Act of September 29th 1994 (Dz.U. of 2023, item 120, as amended)

Jakub Lipiński, Member of the MERCOR Management Board, also serves as President of the Management Board of MERCOR Centrum Usług Wspólnych sp. z o.o. The gross remuneration received by Mr Lipiński in the financial year 2022/2023 under the management contract with the subsidiary was PLN 12,000.

Pathy TIMU ZENZO, Member of the Supervisory Board, entered into a contract with MCR SOL ENERGY sp. z o.o. to carry out coordinator work for an ongoing solar PV farm project. The net remuneration received by Mr TIMU ZENZO in the period from April 1st 2022 to March 31st 2023 was PLN 18,091.20. The contract was performed as part of Pathy TIMU ZENZO's activity as a sole trader.

6. Number of financial instruments granted or offered and the key conditions for the exercise of rights under such instruments, including the exercise price and date and any changes thereof

The variable component of remuneration of the Management Board Members for the financial year 2022/2023 was based on the awarded units. On April 1st 2022, each Management Board Member was awarded 1,000 units. The rights under the units may be exercised if the Group's net profit from continuing operations in the period from April 1st 2022 to March 31st 2023 is equal to or exceeds PLN 25,900,000.00. With a minimum net profit from continuing operations of PLN 25,900,000, the price per unit was set at PLN 300.00. Exceeding the minimum net profit ceiling by PLN 1,000 increases the value of each unit by PLN 0.02. The maturity date was set as the fifth business day from the date of the auditor's opinion on the consolidated financial statements of the Group.

7. Information on exercising the option to reclaim variable remuneration components

The Remuneration Policy does not provide for the option for the Company to reclaim variable remuneration components from the Management Board Members.

8. Information on any departures from the procedure for the implementation of the remuneration policy and on any derogations applied in accordance with Art. 90f, including the explanation of the reasons for and the manner of such derogations and the indication of the specific elements derogated from

The Remuneration Policy does not provide for any reasons or procedure for a temporary departure from the Policy.

The Supervisory Board concludes that remuneration for Members of the Supervisory Board and Management Board is paid in accordance with the Remuneration Policy.

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Lucjan Myrda	**Tomasz Rutowski**
Chair of the Supervisory Board	**Secretary of the Supervisory Board**