

## **REPORT ON THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARD OF NOVITA S.A. WITH ITS REGISTERED OFFICE IN ZIELONA GÓRA FOR THE YEAR 2022**

This Report on the remuneration of the Members of the Management Board and Supervisory Board of NOVITA Spółka Akcyjna (*Joint Stock Company*) with its registered office in Zielona Góra (hereinafter the "**Remuneration Report**") was drawn up pursuant to Article 90g of the Act of July 29th 2005 on public offering and the conditions for introducing financial instruments to organised trading and on public companies (i.e. Journal of Laws of 2022 item 2554) - hereinafter the "Act" - and based on the provisions of the Remuneration Policy of "NOVITA" Spółka Akcyjna (hereinafter the "**Remuneration Policy**").

The Remuneration Policy applicable to the Company was adopted pursuant to Resolution No. 16 of the Ordinary General Meeting of the Company dated 30 June 2020 and is available on the Company's website [www.novita.pl](http://www.novita.pl) under Investor Relations/Internal normative acts.

The provisions of the Remuneration Policy reflect the rules for remuneration of the Members of the Management Board and Supervisory Board applied in the reporting period.

### **I. Composition of the bodies of "NOVITA" S.A. in 2022**

#### **Composition of the Management Board**

As of December 31, 2022, the Management Board of NOVITA S.A. was composed of:

Mr. Radosław Muzioł – President of the Board  
Mr. Jakub Rękosiewicz – Member of the Board  
Mr. Shlomo Finkelstein – Member of the Board  
Mr. Rami Gabay – Member of the Board

There were no changes in the composition of the Board of Managers during the period covered by the Remuneration Report.

#### **Composition of the Supervisory Board**

As of December 31, 2022, the Supervisory Board of NOVITA S.A. was composed of:

Mr. Eyal Maor – Chairman of the Supervisory Board,  
Mr. Uriel Mansoor – Deputy Chairman of the Supervisory Board,  
Mr. Ohad Tzkhorl – Member of the Supervisory Board,  
Mr. Ilanit Ella – Member of the Supervisory Board,  
Mr. Janusz Piczak – Member of the Supervisory Board,

During the reporting period the composition of the Company's Supervisory Board changed, as follows:

- from 1 January 2022 to 29 June 2022 the Members of the Company's Supervisory Board were:

Mr. Eyal Maor – Chairman of the Supervisory Board,  
Mr. Uriel Mansoor – Deputy Chairman of the Supervisory Board,  
Mr. Ohad Tzkhorl – Member of the Supervisory Board,

Mr. Elazar Benjamin – Member of the Supervisory Board,  
Mr. Janusz Piczak – Member of the Supervisory Board,

- from 29 June 2022 to 31 December 2022 the Members of the Supervisory Board were:

Mr. Eyal Maor – Chairman of the Supervisory Board,  
Mr. Uriel Mansoor – Deputy Chairman of the Supervisory Board,  
Mr. Ohad Tzkhori – Member of the Supervisory Board,  
Mr. Ilanit Ella – Member of the Supervisory Board,  
Mr. Janusz Piczak – Member of the Supervisory Board.

## **II. Basis for remuneration of the Members of the NOVITA S.A. governing bodies and elements of remuneration**

### **Remuneration of the Members of the Company's Management Board**

The remuneration of the members of the Company's Board of Management is based on the legal relationship between the Company and the respective Board Member. The remuneration policy provides for the following variants of the legal relationship:

- a) appointment to the Company's Management Board by resolution of the Supervisory Board;
- b) an employment contract concluded with the Company or any other civil-law contract concluded with the Members of the Management Board.

In accordance with the Remuneration Policy, Board Members may be entitled to remuneration consisting of the following components:

- a) fixed monthly remuneration paid without regard to performance-related criteria and set out in the employment contract or other civil-law agreement concluded between the Company and the members of the Management Board and arising from the relationship of appointment to the Management Board; the Remuneration Policy also provides that the Members of the Management Board may not receive remuneration for their functions;
- b) variable remuneration components dependent on the Company's performance or the performance of the Board Member.

Management Board members may also be entitled to other pecuniary and non-pecuniary benefits, including in particular: the right to use Company property (company car, telephone, computer), additional insurance, benefits provided for all employees, e.g. health care. The Management Board Members may not receive remuneration for their functions.

### **Remuneration of the Supervisory Board of the Company**

The remuneration policy in force in the Company indicates that the remuneration of the members of the Supervisory Board of "NOVITA" S.A. is determined by the General Meeting of Shareholders of the Company, has the character of a fixed monthly remuneration and is due regardless of the frequency of formally convened meetings of the Supervisory Board and without taking into account criteria related to the Company's performance. However, Supervisory Board members may not receive remuneration for their function. Another fixed monthly component of emoluments is the

remuneration for Supervisory Board Members of the Company delegated to perform permanent individual supervision. Irrespective of the fixed monthly remuneration, Supervisory Board Members are entitled to reimbursement of expenses incurred for participation in the work of the Supervisory Board.

### **Additional benefits**

The Company has entered into Directors' and Officers' and Supervisory Board liability insurance agreements and has taken out insurance policies covering persons holding managerial and supervisory positions.

Due to the nature of the aforementioned insurance, which covers not only members of the Management Board and Supervisory Board but also proxies and bookkeepers, it is not possible to precisely calculate the value of such benefit per one member of the Management Board or Supervisory Board.

### **III. The amount of the total remuneration of the Members of the Company's Management Board broken down into the components referred to in Article 90d(3)(1) of the Act, together with information on the mutual proportions between those components of remuneration**

The remuneration of the Members of the Management Board during the period covered by the Remuneration Report includes:

1. fixed remuneration by virtue of appointment;
2. fixed remuneration under the employment contracts binding the Company with the members of the Management Board;
3. additional remuneration paid on the basis of the employment contract;
4. non-monetary benefits, which include, inter alia: gratuitous benefits to which employees are entitled due to the use of a company car for private purposes, pursuant to the provisions of Article 12 (2a) of the Personal Income Tax Act of 26 July 1991 (i.e. Journal of Laws of 2020 item 1426), contribution to health care subscriptions;
5. a benefit related to participation in Employee Capital Plans (PPK).

The additional remuneration mentioned in item 3 above, in accordance with the Remuneration Policy, constitutes a variable remuneration component and depends on the Company's financial results and can be paid on a semi-annual basis.

Detailed information on the remuneration components of the Members of the Management Board and the mutual proportion of each component during the period covered by this Report is presented in Tables 1 to 2.

## Information for 2022

Table 1.

Amount of remuneration of the Board Members in 2022, in thousands of PLN							
First name and surname; function:	Amount of fixed remuneration under the employment contract	Amount of fixed remuneration on appointment	Additional remuneration (variable)	Non-monetary benefits	Pension schemes (PPK)	Total	Amount of remuneration from entities belonging to the same group:
Radosław Muzioł President of the Board	420	108	748	5	12	1 293	0
Jakub Rękosiewicz Member of the Board	160	97	90	5	0	352	0

The other Members of the Company's Management Board did not receive any remuneration for their function.

Table 2.

Proportions of the various components of the remuneration of the Management Board Members in 2022							
First name and surname; function:	Amount of fixed remuneration under the employment contract	Amount of fixed remuneration on appointment	Additional remuneration (variable)	Non-monetary benefits	Pension schemes (PPK)	Total	Amount of remuneration from entities belonging to the same group:
Radosław Muzioł President of the Board	32,48%	8,35%	57,85%	0,39%	0,93%	100,00%	0,00%
Jakub Rękosiewicz Member of the Board	45,45%	27,56%	25,57%	1,42%	0,00%	100,00%	0,00%

#### IV. The total remuneration of members of the Supervisory Board broken down into the components referred to in Article 90d(3)(1) of the Act together with information on mutual proportions between those components

During the period covered by the Remuneration Report, pursuant to:

1. Resolution No. 24 of the Annual General Meeting of the Company of 12 June 2019 on the determination of remuneration for members of the Supervisory Board appointed for the next joint term of office covering the years 2019-2022, and
2. Resolutions of the Annual General Meeting of 29 June 2022 on the appointment of members of the Supervisory Board for the next joint term covering the years 2022-2025

it was decided that the Members of the Supervisory Board of the Company do not receive remuneration for their functions.

At the same time, during the reporting period, Mr. Janusz Piczak - Member of the Supervisory Board:

1. by Resolution No. 25 of the Annual General Meeting of the Company of 12 June 2019 and,
2. by Resolution No. 19 of the Annual General Meeting of the Company of 29 June 2022

was delegated to permanently perform supervisory activities on an individual basis during his term of office from 2019 to 2022 and 2022 to 2025.

Mr. Janusz Piczak, as a Member of the Supervisory Board delegated to the permanent individual performance of supervisory activities, received a separate fixed remuneration on this account in the total amount of PLN 24,000.00, which constituted 100% of the total emolument received from the Company in 2022.

**V. An explanation of how total remuneration is consistent with the Remuneration Policy adopted, including how it contributes to the Company's long-term performance**

The remuneration of the Members of the Management Board, or lack thereof, was determined by the Supervisory Board and, with respect to both fixed and variable remuneration components (additional remuneration under the employment contract), is consistent with the regulations of the Remuneration Policy. Detailed regulations regarding additional remuneration due to the Management Board members were determined by the Supervisory Board and were regulated in employment contracts binding for particular Management Board members. Payment of variable remuneration components and other pecuniary and non-pecuniary benefits takes place in accordance with the relevant provisions of the Remuneration Policy, including the financial and non-financial criteria set out therein.

No remuneration for serving as a member of the Supervisory Board was determined by resolution of the Company's General Meeting of Shareholders. Such possibility is provided for by the provisions of the Remuneration Policy. At the same time, in accordance with the said Policy, the General Meeting of Shareholders of NOVITA S.A. granted remuneration to one of the Supervisory Board Members for delegation to permanent individual supervision.

In the opinion of the Supervisory Board, the remuneration paid to the Management Board Members contributes to their full involvement in the function and work performed, and contributes to the achievement of the Company's business objectives and the Company's long-term results, which is particularly affected by linking the variable additional remuneration to the Company's results achieved in a given financial year. In the opinion of the Supervisory Board, the adopted structure of division of remuneration between fixed and variable components contributes to a stable and long-term development of the Company, and thus to an increase in its value in the long term.

**VI. Information on how the total remuneration of the members of the Company's Management Board and Supervisory Board contributes to the Company's long-term performance**

The total remuneration of the Members of the Management Board of the Company, determined and paid in accordance with the Remuneration Policy, allows for maintaining a high level of motivation and stability of the key personal composition of the Company's management and supervisory staff. The above clearly translates into the implementation of the Company's long-term development strategy (including in particular: implementation of key investments with long-term effect, in the form of increased production capacity and competitiveness) as well as achievement of stable (annual) growth in the Company's revenues.

**VII. Information on how the performance criteria were applied**

The financial criteria for awarding variable components of remuneration to the Members of the Company's Management Board are linked to the Company's results achieved in a given financial year and verified with the independent auditor's opinion on the audit of the Company's separate semi-annual and annual financial statements for a given financial year. The Company's financial results

therefore have a direct bearing on the total remuneration of the Members of the Company's Management Board.

**VIII. Information on the change, on an annual basis, in the remuneration, performance of the Company and average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board, over at least the last five financial years, in aggregate, in a way that allows comparison**

Information on the change, on an annual basis, in the remuneration of the Members of the Management Board and Supervisory Board (presented as average remuneration), the Company's results and the average remuneration of the employees of "NOVITA" S.A. who are not members of the Company's bodies is presented in the following tables from No. 3 to No. 6. The data presented cover the years 2017-2022.

Table 3.

	2022 / 2021	2021 / 2020	2020 / 2019	2019 / 2018	2018 / 2017
Net income from sales of products, goods and materials	112,4%	110,2%	180,7%	128,4%	96,4%
EBITDA	49,5%	121,4%	281,3%	122,9%	86,2%
Operating profit	45,9%	124,3%	320,6%	118,0%	82,9%
Net profit	42,9%	122,3%	307,2%	123,9%	89,6%

Table 4.

	2022 / 2021	2021 / 2020	2020 / 2019	2019 / 2018	2018 / 2017
Change in the average remuneration of employees of the Company who are not members of the Management Board or the Supervisory Board	110,66%	107,75%	107,09%	106,46%	102,02%

Table 5.

Change in average remuneration of members of the Management Board					
First name and surname, function	2022 / 2021	2021 / 2020	2020 / 2019	2019 / 2018	2018 / 2017
Radosław Muzioł President of the Board	63,75%	106,24%	201,37%	110,36%	95,23%
Jakub Rękosiewicz Member of the Board	67,31%	116,06%	130,06%	122,26%	91,88%

The other Members of the Management Board did not receive remuneration in the years presented.

Table 6.

Change in average remuneration of members of the Supervisory Board					
First name and surname, function	2022 / 2021	2021 / 2020	2020 / 2019	2019 / 2018	2018 / 2017
Janusz Piczak Supervisory Board Member	100%	100%	100%	100%	100%

The other Members of the Supervisory Board did not receive remuneration in the years presented.

**IX. The amount of remuneration from companies belonging to the same group within the meaning of the Accounting Act of 29 September 1994**

The capital group includes the parent company TEBESA Sp. z o. o. with its registered office in Zielona Góra, in which Mr Eyal Maor, who holds the position of Chairman of the Supervisory Board in NOVITA S.A., is a member of the Management Board.

Mr Eyal Maor did not receive any remuneration in 2022 for his position on the Board of Directors of TEBESA Sp. z o.o.

**X. The number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to those instruments, including the price and exercise date and any modification thereof**

The Company did not grant or offer any financial instruments to members of the Management Board or Supervisory Board during the period covered by this Report.

**XI. Information on the use of the possibility to claim back variable components of remuneration**

The remuneration policy does not provide for the possibility of claiming back variable remuneration components and no such event occurred during the reporting period.

**XII. Information on deviations from the procedure for implementing the Remuneration Policy and deviations applied in accordance with Article 90f of the Act, including an explanation of the rationale and procedure, and an indication of the elements from which deviations were applied**

During the period covered by this Report, the Company did not deviate from the procedure for implementing the Remuneration Policy or deviate from the Remuneration Policy itself as set out in Article 90f of the Offering Act.

**XIII. Amount of pecuniary or non-pecuniary benefits granted to the next of kin for the Members of the Company's Management Board and Supervisory Board**

The remuneration of the members of the Management Board and the Supervisory Board does not include pecuniary or non-pecuniary benefits for the benefit of the next of kin of such persons., within the meaning of Article 90g(5) of the Act on Public Offering.

**XIV. An explanation of how the resolution referred to in section 90g(6) of the Act or the discussion referred to in section 90g(7) of the Act relating to the previous remuneration report has been considered in the Report**

The agenda of the Company's Ordinary General Meeting of Shareholders of 29 June 2022 included discussion and opinion on the Remuneration Report for the members of the Management Board and Supervisory Board of "NOVITA" Spółka Akcyjna with its registered office in Zielona Góra for year 2021.

The Company's Annual General Meeting passed a resolution giving a positive opinion on last year's Remuneration Report and raising no objections to its content.

On behalf of the Supervisory Board of NOVITA S.A.

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**EYAL MAOR**

Chairman of the Supervisory Board of NOVITA S.A. based in Zielona Góra