

Assessment of the Management Board's report on the activities of LC Corp S.A. and the capital group of LC Corp, financial statements of the Company and the proposal of the Management Board concerning allocation of profit for financial year 2017

Pursuant to Article 382 § 3 of the Commercial Companies Code, the Supervisory Board assessed the following documents with respect to their compliance with the books and documents and with the actual state of affairs:

1. the financial statements of LC Corp S.A. for 2017, including:
 - a) the report on the financial standing as of 31 December 2017, with the total assets and liabilities of PLN 1,470,516 thousand (say: one billion four hundred seventy million five hundred sixteen thousand Polish zlotys).
 - b) the statement of comprehensive income for the financial year from 1 January 2017 to 31 December 2017, presenting a net profit of PLN 100,909 thousand (say: one hundred million nine hundred nine thousand Polish zlotys) and a comprehensive income of PLN 100,909 thousand (say: one hundred million nine hundred nine thousand Polish zlotys).
 - c) the statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017, presenting an increase in equity by PLN 69,580 thousand (say: sixty nine million five hundred and eighty thousand Polish zlotys).
 - d) the statement of cash flows for the period from 1 January 2017 to 31 December 2017, presenting a net cash increase by PLN 35,577 thousand (say: thirty five million five hundred seventy seven thousand Polish zlotys)
 - e) notes to the financial statements - Accounting policies and explanatory notes.
2. the financial statements of LC Corp S.A. Capital Group for 2017, including:
 - a) the consolidated report on the financial standing as of 31 December 2017, with the total assets and total liabilities of PLN 3,299,649 thousand (say: three billion two hundred and ninety-nine million six hundred and forty-nine thousand Polish zlotys),
 - b) the consolidated statement of comprehensive income for the financial year from 1 January 2017 to 31 December 2017, presenting a net profit of PLN 80,240 thousand (eighty million, two hundred and forty thousand zlotys) and a comprehensive income of PLN 83,553 thousand (eighty-three million, five hundred and fifty-three thousand Polish zlotys),
 - c) the consolidated statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017, showing an increase in equity by PLN 52,224 thousand (say: fifty-two million two hundred twenty-four thousand Polish zloty),
 - d) the consolidated statement of cash flows for the financial year from 1 January 2017 to 31 December 2017, presenting a net cash decrease by PLN 10,603 thousand (say: ten million six hundred three thousand Polish zlotys),
 - e) notes to the consolidated financial statements - Accounting policies and explanatory notes.
3. the Management Board's report on the Company's and the Capital Group's activities for the period from 1 January 2017 to 31 December 2017 with respect to their consistency with the books and documents and with the actual state of affairs, and
4. the proposal of the Management Board concerning the allocation of profit for 2017.

Having examined the documents and having read the auditor's opinion of 20 March 2018, the Supervisory Board is of the opinion that the financial statements of LC Corp S.A. and the Management Board's report on the Company's and the Capital Group's activities for the period from 1 January 2017 to 31 December 2017 have been prepared in a reliable and correct manner and in accordance with the books and documents as well as with the facts known to the Supervisory Board. The Supervisory Board positively assesses the application of corporate governance principles by the Company.

The Supervisory Board gives a positive opinion to the Management Board's proposal concerning the allocation of profit for 2017 and supports the Management Board's proposal to allocate:

- a) the profit generated by the Company in 2017 in the amount of PLN 100,909,315.22 (say: one hundred million nine hundred nine thousand three hundred fifteen Polish zlotys twenty two groszes), and
- b) the supplementary capital created from profits from previous years in the amount of PLN 6,504,679.42 (say: six million five hundred four thousand six hundred seventy nine Polish zlotys forty two groszes)

for the payment of the dividend for the Company's shareholders in the total amount of PLN 107,413,994.64 (say: one hundred and seven million four hundred and thirteen thousand nine hundred and ninety-four Polish zlotys and sixty-four groszes). The dividend would be divided into 447,558,311 shares, and each share would carry a dividend of PLN 0.24 (say: *twenty-four* groszes) per share. The Supervisory Board leaves it up to the General Meeting of Shareholders to decide on the dividend date and dividend payment date.

Recommendations:

The Supervisory Board positively assesses the Company's activity in 2017 and the statements presented to it for evaluation and therefore recommends to the General Meeting of LC Corp S.A. to:

1. approve the report on the activity of the Supervisory Board for the financial year 2017, including: the assessment of the financial statements of LC Corp S.A. for the year ended on 31 December 2017, the report of the Management Board on the activity of LC Corp S.A. and the Capital Group of LC Corp S.A. in 2017 as well as the financial statements of the Capital Group of LC Corp S.A. for the year ended on 31 December 2017, and the assessment of the Management Board's proposal concerning the distribution of profit,
2. approve the Supervisory Board's evaluation of the Company's situation, including the evaluation of internal control systems, risk management, compliance and the internal audit function,
3. consider and approve the financial statements of LC Corp S.A. for the financial year 2017,
4. consideration and approval of the Management Board's report on the activities of LC Corp S.A. and the Capital Group of LC Corp S.A. in 2017,
5. consider and approve the financial statements of the Capital Group of LC Corp S.A. for the financial year 2017,
6. acknowledge the fulfilment of duties by Members of the Management Board of LC Corp S.A. in 2017,
7. acknowledge the fulfilment of duties by Members of the Supervisory Board of LC Corp S.A. in 2017,
8. adopt a resolution concerning the distribution of profit for the financial year 2017.