

Assessment of the Management Board's report on the activities of LC Corp S.A. and LC Corp S.A. Capital Group, financial statements of the Company and the motion of the Management Board concerning the allocation of profit for financial year 2018

Pursuant to Article 382 § 3 of the Code of Commercial Companies and Partnerships, 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 2018, including:
 - a) the statement of financial position as at 31 December 2018 with total assets and liabilities amounting to PLN 1,503,327 thousand (in words: one billion five hundred three million three hundred twenty-seven thousand zlotys).
 - b) the statement of comprehensive income pertaining to the financial year from 1 January 2018 to 31 December 2018 showing profit after tax amounting to PLN 118,661 thousand (in words: one hundred eighteen million six hundred sixty-one thousand zlotys) and comprehensive income amounting to PLN 118,661 thousand (in words: one hundred eighteen million six hundred sixty-one thousand zlotys).
 - c) the statement of changes in equity pertaining to the financial year from 1 January 2018 to 31 December 2018, showing an increase in equity capital by PLN 11,247 thousand (in words: eleven million two hundred forty-seven thousand zlotys),
 - d) the cash flow statement pertaining to the period from 1 January 2018 to 31 December 2018, showing a decrease in net cash balance by PLN 6,241 thousand (in words: six million two hundred forty-one thousand zlotys).
 - e) notes to the financial statements – Accounting principles (policies) and explanatory notes.
2. the financial statements of LC Corp S.A. Capital Group for 2018, including:
 - a) the consolidated statement of financial position as at 31 December 2018 with total assets and liabilities amounting to PLN 3,574,668 thousand (in words: three billion five hundred seventy-four million three hundred sixty-eight thousand zlotys),
 - b) the consolidated statement of comprehensive income pertaining to the financial year from 1 January 2018 to 31 December 2018 showing profit after tax amounting to PLN 160,380 thousand (in words: one hundred sixty million three hundred eighty thousand zlotys) and comprehensive income amounting to PLN 156,837 thousand (in words: one hundred fifty-six million eight hundred thirty-seven thousand zlotys),
 - c) the consolidated statement of changes in equity pertaining to the financial year from 1 January 2018 to 31 December 2018, showing an increase in equity capitals by PLN 49,423 thousand (in words: forty-nine million four hundred twenty-three thousand zlotys),
 - d) the consolidated cash flow statement pertaining to the period from 1 January 2018 to 31 December 2018, showing an increase in net cash balance by PLN 123,450 thousand (in words: one hundred twenty-three million four hundred fifty thousand zlotys),
 - e) notes to the consolidated financial statements – Accounting principles (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 2018 to 31 December 2018 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 2018.

Having reviewed the documents and having read the auditor's opinion of 24 April 2019, 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 2018 to 31 December 2018 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 gives a positive assessment of 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 2018 and supports the Management Board's proposal to allocate:

- a) profit generated by the Company in 2018 amounting to PLN 118,661,117.70 (in words: one hundred eighteen million six hundred sixty-one thousand one hundred seventeen zlotys and seventy groszes), and
- b) supplementary capital created from retained earnings amounting to PLN 2,179,626.27 (in words: two million one hundred seventy-nine thousand six hundred twenty-six zlotys and twenty-seven groszes)

towards payment of dividend to the Company's shareholders in the total amount of PLN 120,840,743.97 (in words: one hundred twenty million eight hundred forty thousand seven hundred forty-three zlotys and ninety-seven groszes). 447,558,311 shares would participate in the distribution of dividend. Each share would entitle to a dividend of PLN 0.27 (in words: twenty-seven groszes). 19 August 2019 would be considered the dividend day and 30 August 2019 would be considered the dividend payment day.

Recommendations:

The Supervisory Board positively assesses the Company's activity in 2018 as well as the reports and statements presented for evaluation. Therefore, it recommends to the General Meeting of LC Corp S.A.:

1. to approve the report on the activity of the Supervisory Board for the financial year 2018, including: the assessment of the financial statements of LC Corp S.A. for the year ended on 31 December 2018, the report of the Management Board on the activity of LC Corp S.A. and LC Corp S.A. Capital Group in 2018 as well as the financial statements of LC Corp S.A. Capital Group for the year ended on 31 December 2018 and the assessment of the Management Board's motion concerning the allocation of profit,
2. to 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. to consider and approve the financial statements of LC Corp S.A. for the financial year 2018,
4. to consider and approve the Management Board's report on the activities of LC Corp S.A. and LC Corp S.A. Capital Group in 2018,
5. to consider and approve the financial statements of LC Corp S.A. Capital Group for the financial year 2018,
6. to acknowledge the fulfilment of duties by Members of the Management Board of LC Corp S.A.