



**MANAGEMENT REPORT ON THE
OPERATIONS OF RAWLPLUG GROUP
AND RAWLPLUG S.A.**

FOR THE PERIOD FROM 1 JANUARY 2021
TO 31 DECEMBER 2021

WROCLAW, 24 March 2022

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Dear Partners, Shareholders and Employees of RAWLPLUG Group,

I look at 2021 with great satisfaction. A year of formidable challenges and our best financial results yet. It seems to me that the scale of challenges grows every year, but RAWLPLUG as a company is once again proving its worth.

2021 brought us entirely new experiences, such as de-globalisation, societal and economic socialism, inflation, the trade war between U.S. and China, cyberattacks, electricity supply disruptions, new monetary and fiscal policy and, last but not least, the pandemic and climate change. We are witnessing a drastic growth in commodity prices, coupled with their limited availability. There are hardly any commodities today that do not have a deficit of 20-40% of their previous demand.

This is a new reality and new processes that are shaping our surroundings and ones that we should be getting used to. The previous generations did not get to know these factors and even for us until now these were purely theoretical concepts. But in 2022 we will really be facing them.

This places exceptional responsibility on us as management for selecting the right strategy, analysing risk, managing finances and human capital. I am proud that the culture of openness that has been developed over the years at RAWLPLUG Group has allowed us to become a team that is resilient, flexible and ready to take on challenges. An organisation is only strong when, aside from structures, it also creates a sense of belonging. At RAWLPLUG, we foster the passion to create because we are a part of something that we all believe in.

A group of talented professionals doing a great job day in, day out, serving our customers and supporting our local communities. We were certainly right about three things: building relations with partners, geolocating our new manufacturing facility and innovative, high-quality products. I am thinking here about the launch in 2021 of our factory in Vietnam, which strengthened and reorganised our supply chain. We are still looking at innovations that give us effective solutions.

For me personally, the fixing & fasteners industry is a great, inspiring place thanks to the quantity and value of information that is original, free from distortion and manipulation. This is a mirror in which we see whether our problems are getting bigger or smaller. RAWLPLUG brings its history into the industry and bravely shapes its future. We have a vision for the future and we have the talent to turn it into reality.

I am proud to present to you RAWLPLUG Group's annual reports for 2021, which summarise our achievements last year.

Sincerely,

Radosław Koelner

President of the Management Board of RAWLPLUG S.A.

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND PERIOD COVERED. ACCOUNTING PRINCIPLES ADOPTED IN PREPARING THE FINANCIAL STATEMENTS

These annual consolidated financial statements of RAWLPLUG Group cover the 12 months ended 31 December 2021 (the comparative period is the 12 months ended 31 December 2020) and are prepared in order to present the financial situation, results and cash flows in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the associated interpretations published in the form of Commission Regulations as well as in accordance with the Ordinance of the Minister of Finance of 29 March 2018 (Polish Journal of Laws of 2018, item 757) on current and periodic information disclosed by issuers of securities (...).

From 1 January 2005, RAWLPLUG Group, in accordance with the Act on Accounting of 29 September 1994 (Polish Journal of Laws of 2021, item 217), prepares consolidated financial statements in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the associated interpretations published in the form of Commission Regulations.

The presentation and functional currency for these consolidated financial statements is PLN, and all amounts are expressed in PLN 000s (unless stated otherwise). Financial statements of the entities comprising the Group were translated into the presentation currency based on the principles specified in IAS 21.

These annual consolidated financial statements are prepared in accordance with the accounting principles presented in RAWLPLUG Group's consolidated financial statements for the period 1 January - 31 December 2021.

The annual separate financial statements of RAWLPLUG S.A. cover the 12-month period ended 31 December 2021, as well as comparative data, are prepared in order to present the Company's financial situation, results and cash flows in accordance with the Company's adopted accounting principles, which are based on regulations resulting from the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the associated interpretations published in the form of Commission regulations, as well as the Ordinance of the Minister of Finance of 29 March 2018 (Polish Journal of Laws of 2018, item 757) on current and periodic information disclosed by issuers of securities (...).

The presentation currency for the separate financial statements is PLN, and all amounts are expressed in PLN 000s (unless stated otherwise).

The annual separate financial statements are prepared in accordance with the accounting principles presented in RAWLPLUG S.A.'s separate financial statements for the period 1 January - 31 December 2021.

2. DESCRIPTION OF GROUP OPERATIONS

2.1. DESCRIPTION OF THE GROUP

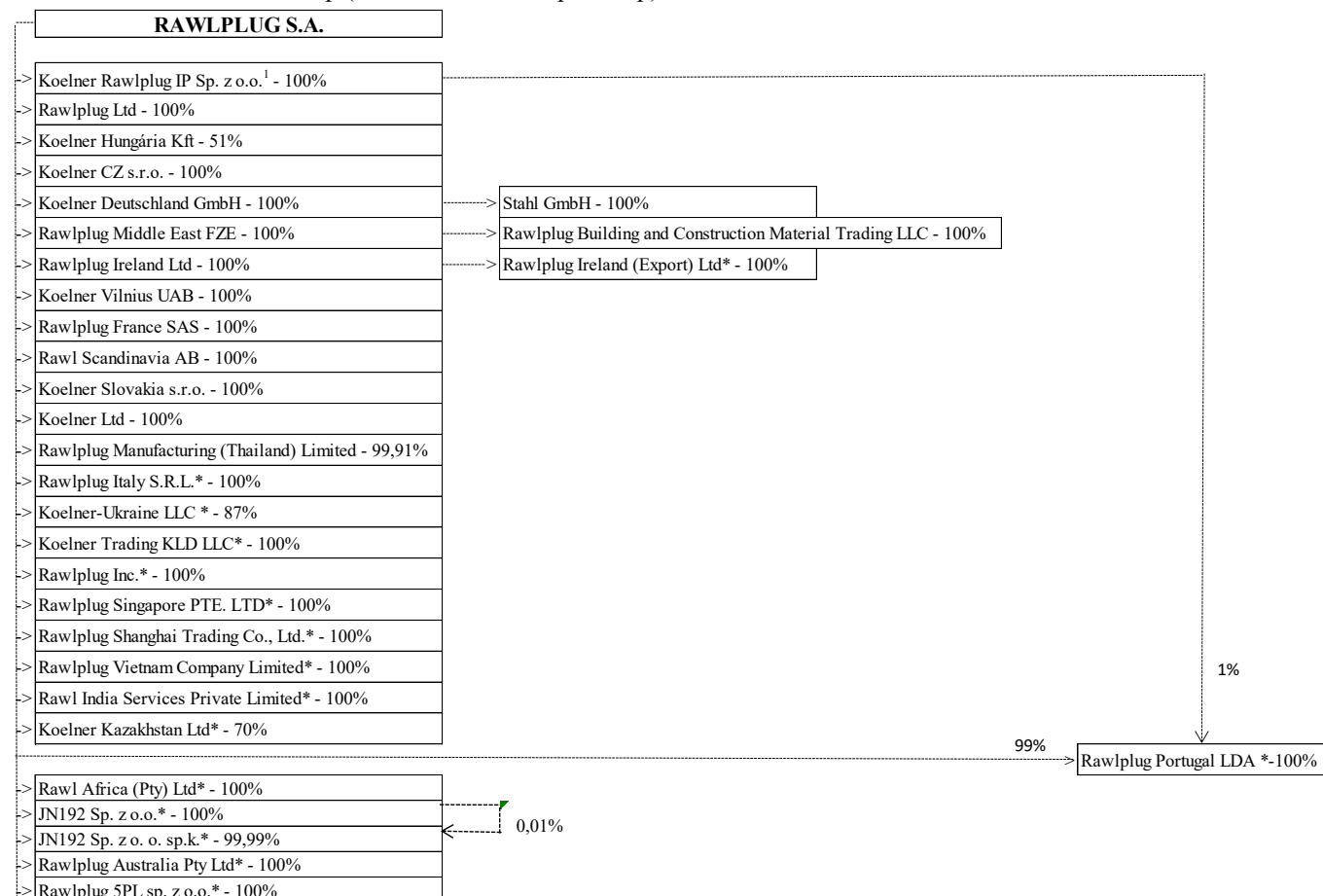
2.1.1. GROUP PARENT

RAWLPLUG S.A., formerly: KOELNER S.A. (hereinafter: Company or RAWLPLUG) was registered on 20 December 1999 in division B of the commercial register under no. 9101. Currently, the Company is registered under KRS number 33537. The Company was founded by: Krystyna Koelner, Przemysław Koelner and Radosław Koelner. The Company's main economic activities are: design, manufacture and sale, mostly through wholesale distribution channels, of products from the following assortment groups:

- ✓ construction fixings,
- ✓ hand tools and power tools,
- ✓ screws and related accessories.

2.1.2. COMPOSITION OF THE GROUP

Entities in RAWLPLUG Group (RAWLPLUG Group, Group) as at 31 December 2021:



¹ - the company has a branch in Łańcut.

* companies not subject to consolidation as of 31 December 2021 (in accordance with IAS 1 point 31)

2.1.3. CHANGES IN GROUP STRUCTURE

On 4 January 2021, the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, registered the merger of RAWLPLUG S.A. with subsidiary Koelner - Tworzywa Sztuczne Sp. z o.o., based in Wrocław, as communicated by the Company via current report 1/2021.

The decision to merge these entities was made on 17 September, when a merger plan was agreed and signed by the merging entities' management boards.

The merger took place pursuant to art. 492 § 1 point 1 of the Polish Commercial Companies Code, i.e. through the transfer of all of the assets of Koelner - Tworzywa Sztuczne Sp. z o.o., based in Wrocław, to its sole shareholder, i.e. RAWLPLUG S.A., pursuant to art. 515 § 1 of the Polish Commercial Companies Code, in accordance with rules specified in the Merger Plan.

Due to the fact that the sole shareholder of Koelner Polska Sp. z o.o. was the acquiring company, i.e. RAWLPLUG S.A., the merger was carried out in a simplified procedure pursuant to art. 516 § 6 of the Polish Commercial Companies Code, i.e. without:

1. drafting by the management boards of the companies being merged of the reports referred to in art. 501 § 1 of the Polish Commercial Companies Code.
2. disclosing the information referred to in art. 501 § 2 of the Polish Commercial Companies Code.
3. audit of the merger plan by a statutory auditor and drafting of an audit opinion.

Once the merger was registered in the National Court Register, the acquired company was removed from the register of companies, without liquidation. The Merger Plan was publicly disclosed on the website of RAWLPLUG S.A. www.rawlplug.pl and on the website of the acquired company: www.koelnerpolska.pl.

According to the Company, the merger of these entities will bring a range of operating benefits and financial savings, including: stronger market and financial position through the formation of one solid economic entity, centralisation of distribution and sales functions, currently being conducted by two separate entities, consolidation of assets of the companies being merged, along with a streamlining of the organisational structure and operations of RAWLPLUG Group, thereby generating greater operational efficiency, simplified flows, reduced document volumes and elimination of mutual settlements between the merged companies. Financial savings in the administrative and organisational areas will undoubtedly be a benefit, including savings from the absorption of responsibilities related to the functioning of the acquired company as a separate legal entity. This restructuring is an element of RAWLPLUG Group's strategy, which involves the consolidation of Group companies and is intended to simplify the organisational structure and eliminate unnecessary processes. As a result of the restructuring, the Group's structure is more transparent for investors. Thanks to the merger, structures and processes within logistics, distribution and sales activities were simplified, which makes them more efficient and thus beneficial for the end customers. This operation had no impact on RAWLPLUG Group's consolidated results for 2021.

RAWLPLUG S.A. communicated the process in current reports 23/2020, 24/2020, 25/2020, 27/2020, 28/2020 and 1/2021.

On 2 April 2021, RAWLPLUG S.A. received information that subsidiary Rawlplug Australia Pty Ltd, based in Eastern Creek, has been registered. RAWLPLUG S.A. is the sole shareholder of the new company.

The company engages in commercial activities consisting of RAWLPLUG product sales in Australia.

On 23 April 2021, the Management Board of RAWLPLUG S.A., with the Supervisory Board's consent, made the decision to begin an investment plan entitled "Construction of distribution centre in the Kostrzyń-Słubice Special Economic Zone." This investment is being implemented by a dedicated subsidiary, Rawlplug 5PL Sp. z o.o., which is 100% owned by RAWLPLUG S.A. The total value of the investment is at least PLN 80 299 thousand. Capital expenditures include the purchase of land, warehouse construction, purchase of equipment, automatics and dedicated IT systems. These will be incurred in 2021-2025. The entire investment is expected to be completed by the end of 2025. Rawlplug 5PL sp. z o.o. has submitted an application to the Kostrzyń-Słubice Special Economic Zone for a decision supporting the investment "Construction of distribution centre at the Kostrzyń-Słubice Special Economic Zone" over a 15-year period, in the form of an exemption from corporate income tax of up

to 35% of eligible investment expenditures under the program "Polish Investment Zone." On 9 July 2021, subsidiary Rawlplug 5PL sp. z o.o. received a decision from the Kostrzyń-Słubice Special Economic Zone granting support for this new investment.

On 23 July 2021, the general meeting of Rawlplug 5PL Sp. z o.o. adopted a resolution to increase the company's share capital to PLN 5 million with the aim of providing the company with funding to purchase the property and finance on-going activities in its initial operational phase.

The Company communicated the process in current report 12/2021.

On 25 August 2021 RAWLPLUG S.A. received a notification from the People Committee of Binh Duong Province regarding an increase of the share capital of subsidiary Rawlplug Vietnam Company Limited from USD 100 000.00 to USD 2 000 000.00, which was fully taken up by RAWLPLUG S.A.

In the third quarter of 2021, the Company's Management Board decided to re-start the operations of Rawlplug Portugal Lda. The company's strategy encompasses not only business development in Portugal but also in Spain, both by supporting the development of sales in collaboration with the existing distributors and through direct sales.

2.2. CHANGES IN THE MAIN PRINCIPLES OF GROUP AND COMPANY MANAGEMENT

No changes in management rules at RAWLPLUG S.A. and RAWLPLUG Group took place in 2021.

2.3. GROWTH DIRECTIONS

2021 saw no significant changes in the directions of the Group's development. A sustainable development strategy was continued in all operating areas. Particular emphasis was placed on systematising the sales offering and further development of the strategic RAWLPLUG brand on all markets, including domestic and foreign.

Due to the COVID-19 pandemic, sales activities were largely conducted remotely, using messaging applications, while movement restrictions resulted in a massive increase in interest in e-commerce shopping. This has accelerated projects aiming to digitalise RAWLPLUG Group's sales activities.

The Management Board focused in the reporting period on optimising all processes within the Group in order to fully utilise all of its resources, reduce costs and achieve optimal synergy effects.

2.4. PARENT'S AUTHORITIES

2.4.1. MANAGEMENT BOARD

Composition of RAWLPLUG S.A.'s Management Board as at 31 December 2021:

Radosław Koelner	- President
Marek Mokot	- Vice-President
Piotr Kopydłowski	- Member, responsible for finance

2.4.2. SUPERVISORY BOARD

Composition of RAWLPLUG S.A.'s Supervisory Board as at 31 December 2021:

Krystyna Koelner	- Chairperson
Tomasz Mogilski	- Deputy Chairperson
Włodzimierz Frankowicz	- Member
Janusz Pajka	- Member
Zbigniew Stabiszewski	- Member
Zbigniew Pamuła	- Member until 21 June 2021
Anna Piotrowska - Kus	- Member from 21 June 2021

2.4.3. SHARES HELD BY THE PARENT'S MANAGEMENT BOARD OR SUPERVISORY BOARD MEMBERS

As per the Company's knowledge, members of RAWLPLUG S.A.'s Management Board and Supervisory Board held shares as follows:

Management Board		as at 31 December 2021
Radosław Koelner	- President	3 189 371
Marek Mokot	- Vice-President	0
Piotr Kopydłowski	- Member, responsible for finance	29 344

Supervisory Board		as at 31 December 2021
Krystyna Koelner	- Chairperson	0
Tomasz Mogilski	- Deputy Chairperson	100 000
Włodzimierz Frankowicz	- Member	0
Janusz Pajka	- Member	0
Zbigniew Pamuła	- Member	0
Anna Piotrowska - Kus	- Member	2 000
Zbigniew Stabiszewski	- Member	0

The nominal amount of one share in RAWLPLUG S.A. is PLN 1.00.

As at 31 December 2021, the following management or supervisory persons held shares in RAWLPLUG S.A.'s related parties:

Person	Name of related party	% in share capital	Nominal value of stake
Radosław Koelner	Amicus Sp. z o.o.	50%	PLN 57 thousand
Radosław Koelner	Amicus Polinae Sp. z o.o.	48%	PLN 48 thousand
Radosław Koelner	Rawlplug Italy S.R.L.	1%	EUR 100
Radosław Koelner	Rawlplug Manufacturing (Thailand) Ltd	0%	THB 100
Krystyna Koelner	Amicus Polinae Sp. z o.o.	3%	PLN 3 thousand

2.4.4. REMUNERATION AND PAY BONUSES PAID OR DUE TO BE PAID TO THE PARENT'S MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

Remuneration paid or due to be paid to Management Board members (in PLN 000s):

Management Board		Remuneration at RAWLPLUG S.A.	including roles at subsidiaries, associates and jointly controlled entities	Total for the period 1 January - 31 December 2021
Radosław Koelner	- President	65	46	111
Marek Mokot	- Vice-President	36	678	714
Piotr Kopydłowski	- Member, responsible for finance	36	0	36

Remuneration paid or due to be paid to Supervisory Board members (in PLN 000s):

Supervisory Board		1.01 - 31.12.2021
Krystyna Koelner	- Chairperson	32
Tomasz Mogilski	- Deputy Chairperson	16
Włodzimierz Frankowicz	- Member	29
Janusz Pajka	- Member	29
Zbigniew Pamuła	- Member	7
Zbigniew Stabiszewski	- Member	56
Anna Piotrowska-Kus	- Member	9

As at 31 December 2021, there were no agreements entered into between RAWLPLUG S.A. and management board members providing for compensation in the event of resignation or dismissal without valid cause or in the event of dismissal or redundancy as a result of the Company's merger.

As at 31 December 2021, there were no liabilities resulting from pensions and similar considerations for former management or supervisory personnel or former members of administrative bodies and liabilities incurred in connection with such pensions.

2.5. SHAREHOLDING STRUCTURE

As per the Company's knowledge, at 31 December 2021 RAWLPLUG S.A.'s shareholding structure was as follows:

Shareholder	Number of shares	% in share capital	Number of votes at the general meeting	% of votes at the general meeting
Amicus Polinae Sp. z o.o.	17 453 750	53.60	17 453 750	53.60
Radosław Koelner	3 189 371	9.80	3 189 371	9.80
PKO BP Bankowy PTE S.A.	2 933 639	9.01	2 933 639	9.01
Nationale Nederlanden PTE S.A.	2 842 138	8.73	2 842 138	8.73
Other	6 141 102	18.86	6 141 102	18.86
TOTAL	32 560 000	100.00	32 560 000	100.00

During the period from the date on which the most recent periodic report was published, i.e. 19 November 2021, to 31 December 2021, no changes in significant shareholdings took place.

There are no limitations on the exercise of RAWLPLUG S.A.'s voting rights.

The Company is not aware of any agreements pursuant to which there may be a change in the proportions of shares held by the current shareholders.

2.6. TREASURY SHARES

On 18 June 2020, the Management Board of RAWLPLUG S.A. made a decision on the terms and manner of the Company's buy-back, as announced in current report 9/2020. The Management Board of RAWLPLUG S.A. had been authorised to conduct a buy-back by the Company's Extraordinary General Meeting through resolution no. 4 of 10 September 2018 regarding General Meeting consent for the purchase of RAWLPLUG S.A. shares pursuant to art. 362 § 1 point 8 of the Polish Commercial Companies Code, and this concerns purchase of the Company's treasury shares, increasing the reserve capital for this purpose and determining rules for the purchase of treasury shares in order to cancel or re-sell them.

In the period 19 - 26 June 2020, RAWLPLUG S.A. purchased 599 treasury shares at the average unit price of PLN 7.66, with the intermediation of Trigon Dom Maklerski S.A. The total purchase price was PLN 4 588.44. The per-share nominal value is PLN 1.00, and the total nominal value of shares purchased on the aforementioned dates was PLN 599.00, which constituted 0.0018% of RAWLPLUG S.A.'s share capital and carry 599 votes, constituting 0.0018% of votes at the Company's General Meeting. Detailed information on these transactions were presented by the Management Board of RAWLPLUG S.A. in current report 10/2020 of 29 June 2020.

On 7 July 2020, the Management Board of RAWLPLUG S.A. adopted a resolution to suspend its buy-back programme, announced in current report 9/2020 of 18 June 2020, and on announcement of an invitation to submit offers to sell the Company's shares. The suspension concerned the period from 8 July 2020 to 28 August 2020. In accordance with this resolution, the Management Board of RAWLPLUG S.A., with the intermediation of an investment firm, sent out an invitation to its shareholders to submit offers to sell shares in transactions outside of organised trading. The notice along with details and changes in terms concerning the share price was presented in current report 13/2020 of 17 July 2020 and published on the Company's website www.rawlplug.pl/pl/relacje-inwestorskie/. Following the invitation to submit offers to sell the Company's shares, on 24 July 2020 RAWLPLUG S.A. purchased 1 500 000 treasury shares with a nominal value of PLN 1.00 each. The shares were purchased for PLN 8.30 each. The purchased shares constitute 4.606% of RAWLPLUG S.A.'s share capital and carry 1 500 000 votes at the Company's General Meeting, which constitutes 4.606% of total votes. A proportional reduction of sales offers of 62.4295% was applied in the share purchase.

As at 31 December 2021, RAWLPLUG S.A. held a total of 1 500 599 treasury shares with a total nominal value of PLN 1 500 599.00. Pursuant to art. 364 par. 2 of the Polish Commercial Companies Code, RAWLPLUG S.A. does not exercise voting rights attached to the treasury shares it holds.

2.7. SHARE ISSUES

Not applicable.

2.8. INCENTIVE PROGRAMME

RAWLPLUG Group does not have any share-based incentive programmes.

3. FACTORS SIGNIFICANT TO GROUP DEVELOPMENT, INCLUDING THREATS AND RISKS, AND GROWTH PERSPECTIVES

3.1. EXTERNAL FACTORS

3.1.1. MACROECONOMIC SITUATION AND CONDITIONS IN THE INDUSTRY

3.1.1.1. IMPACT OF COVID-19 ON RAWLPLUG GROUP'S ACTIVITIES

RAWLPLUG S.A. and RAWLPLUG Group subsidiaries have engaged in a range of activities intended to adapt to the changing operational conditions and to prevent the spread of COVID-19. The Group has also undertaken prevention measures in order to limit the spread of the virus, including:

- ✓ procedures for keeping direct contacts to a minimum and remote work options were introduced,
- ✓ employees were provided with protective equipment and disinfection agents, health and hygiene procedures were implemented,
- ✓ business travel and participation in meetings were reduced - the scope of other communication means, such as teleconferences, online communicators, video conferences, was extended.
- ✓ a COVID-19 and flu vaccination campaign was carried out for employees.

The operations of the production facilities in Wrocław and Łańcut were not subject to major interruptions due to a higher number of cases among employees in 2021. However, certain subsidiaries operating in countries where governmental restrictions were imposed were forced to change their operating model. This was the case in Great Britain, France and Ireland. The changes involved shifting to remote work in the first half of 2021.

The COVID-19 pandemic also had little impact on sales activities in 2021.

To counteract the negative effects of the pandemic in 2021 RAWLPLUG S.A.'s subsidiaries accessed the available aid programmes, receiving non-repayable aid of PLN 155 thousand (Koelner Vilnius UAB) and PLN 58 thousand (Rawlplug Ltd).

At the same time, the Management Board of RAWLPLUG S.A. expects that due to the dynamic and unpredictable situation caused by the coronavirus SARS-CoV-2 pandemic new circumstances might materialise in the future that can have a material impact on the activities and results of RAWLPLUG S.A. and RAWLPLUG Group.

Despite the fact that RAWLPLUG S.A. is monitoring risk on an on-going basis, as of the date on which these financial statements were prepared it was unable to estimate the impact of the pandemic on its long-term results because this impact is also subject to factors that remain outside of the influence or control of RAWLPLUG S.A. and RAWLPLUG Group.

If new significant events related to the impact of COVID-19 on the activities of the Company and the Group take place and if credible estimates of the potential impact of this factor on the results of the Company or Group materialise, the Company's Management Board will disclose the relevant information through current reports. At the date on which this report was prepared, the Company's Management Board saw no risk to the continuing going concern of the Company and Group caused by the COVID-19 pandemic.

3.1.1.2. CONSTRUCTION AND FIXINGS INDUSTRY

Demand on the domestic construction and fixings market remained high in 2021. RAWLPLUG Group recorded 28.5% y/y growth in revenue.

Similarly good conditions prevailed on foreign markets. Sales across most of the markets were significantly higher than in the same period of 2020. This was driven by high product availability, growing popularity of the RAWLPLUG brand, efforts by local salesforce, strong consumption as well as problems with product availability on the part of certain competitors.

In the Middle East, India and Singapore, the positive sales trend from the first half of 2021 was maintained, and sales in the second half were higher than in the same period of 2020.

The worsening pandemic situation severely restricted sales growth in the Far East, however, following the lifting of restrictions at the end of the third quarter, very promising sales results were recorded.

The current uncertain situation in our region, related to the war in Ukraine, is one of the factors that can significantly and negatively affect the situation on the construction market. A slowdown in certain sectors caused by high prices and problems with shortages of building materials is being offset by a strong growth dynamic in other sectors.

2021 was also a year of challenges for divisions dealing with product availability. Sales growth in DIY and Trade along with availability problems on the part of RAWLPLUG Group's competitors resulted in the Group recording higher sales and brought in new customers.

3.1.1.3. INDUSTRIALS SECTOR

Revenue from sales generated in January-December 2021 at the Łańcut branch of Koelner Rawlplug IP Sp. z o.o. was 41.1% higher than last year. The increase in sales revenue on the domestic market as well as on foreign markets for screw products is the result of a volume increase in product sales, primarily related to elevated demand in the automotive sector and other industrial sectors. The higher demand for products made by the Łańcut branch of Koelner Rawlplug IP sp. z o.o. was caused by stronger demand for the company's products on the part of cooperating industries, following a period of rather large declines in 2020.

The growth in domestic sales was caused by economic growth in 2021, following an economic stagnation in 2020, along with an evolving product portfolio, from standard to specialist products, which are more technologically advanced. Currently, the domestic salesforce is focused on acquiring clients from the special products segment. Maintaining the sales levels will largely depend on the development of new market segments, demand for products and the stability of macroeconomic factors affecting the fasteners market.

Specialised production of construction fixings for RAWLPLUG Group's distribution entities was a production segment that developed very dynamically in 2021. The highest product quality, service and rising prominence of the RAWLPLUG brand globally translate into higher sales for the Group. This production segment is of strategic importance for RAWLPLUG Group's development and will be expanded in the coming years.

Export sales of screw products in 2021 went up by 41.7% compared to 2020. Such a considerable increase in sales was driven by demand in the sectors served, due to the post-pandemic economic development and the popularisation of the RAWLPLUG brand. The Łańcut-based factory intends to continue with its existing development strategy based on growing the share of special products for the automotive segment and less focusing on standard products. This strategy allows the factory to invest in a modern machine park, making it possible to both expand assortment and production volumes, thus increasing its share in the European market for screw products.

Sales in these segments in 2022 will largely depend on whether the demand for screw products on the EU markets will be maintained in the EU markets and on the macroeconomic situation. The continuing geopolitical situation concerning the war in Ukraine and the further development of the pandemic caused by COVID-19 may result in a weakening of the sales growth momentum in the fastener markets.

3.1.2. EMPLOYMENT CONDITIONS; PRICES OF PRODUCTS AND INTERMEDIATES IMPORTED FROM THE FAR EAST

In 2021, commodity markets remained unstable, with clear price growth. This was caused by limited availability and supply chain disruptions.

3.1.3. EXCHANGE RATES

In terms of global cash flows, the Group is exposed to EURUSD. Given the specific nature and territorial scope of its operations, the Group has an excess of EUR (sales mostly in EUR) and shortage of USD (imports from the Far East).

On 31 December 2020, RAWLPLUG S.A. executed three forward contracts with BNP Paribas Bank Polska S.A. for EURPLN 2 million, with deadlines of 29 January 2021, 26 February 2021 and 31 March 2021.

In 2021, RAWLPLUG S.A. did not execute other currency risk hedging transactions.

In measuring balance sheet items, the Management Board aims to balance out foreign-currency items through natural hedging in as far as practicable.

The impact of the situation in Ukraine on currency risk is currently difficult to predict. Despite the fact that the Company's Management Board is monitoring risk on an on-going basis, as of the date on which these financial statements were prepared it was unable to estimate the impact of the pandemic on its results in the future.

Currency risk is discussed in detail in Note 38 to the Group's Consolidated Financial Statements for 2021.

3.1.4. INTEREST RATES

Given the substantial share of credit in RAWLPLUG Group's financing structure, interest rates have a direct impact on financial performance. The most recent change in interest rates in Poland, as well as the macroeconomic situation and the war in Ukraine, are causing volatility in the interest rate market and an increase in inflation.

Due to the inflation growth, the Management Board of RAWLPLUG S.A. executed three interest rate SWAP contracts:

1. On 8 December 2021, RAWLPLUG executed an interest rate SWAP with Citi Handlowy Bank w Warszawie S.A. for PLN 100 million, with the exercise deadline of 31 December 2024.
2. On 26 January 2021, RAWLPLUG S.A. executed two interest rate SWAPs with BNP Paribas Bank Polska S.A. for PLN 100 million, with the exercise deadline of 31 December 2024.

3.1.5. WAR IN UKRAINE

The Company's Management Board reports on the impact of the situation in Ukraine on the Group's operations:

RAWLPLUG S.A. holds shares in a company in Ukraine and two companies in the Russian Federation. The value of this exposure is shown in the table below:

Company	Stake		Loans		Receivables		Impairment of receivables
	31.12.2021	Impairment of interests	31.12.2021	31.12.2021	31.01.2022		
Koelner-Ukraine LLC*	7 621	0	0	0	218	0	
Koelner Trading KLD LLC*	2 959	0	16 539	2 736	3 119	0	
Koelner Ltd	3 683	(3 683)	0	3 818	0	(3 818)	

* not subject to consolidation as at 31 December 2021.

RAWLPLUG S.A. sees no grounds for recognising additional impairment losses on its stakes in the companies in Ukraine and the Russian Federation.

RAWLPLUG Group is continuously monitoring the situation in Ukraine and the Russian Federation and its impact on the Group's activities.

At the same time, the Management Board of RAWLPLUG S.A. expects that due to the dynamic and unpredictable situation with the war in Ukraine new circumstances might materialise in the future that can have a material impact on the activities and results of RAWLPLUG S.A. and RAWLPLUG Group.

Despite the fact that RAWLPLUG S.A. is monitoring risk on an on-going basis, as of the date on which these financial statements were prepared it was unable to estimate the impact of the war in Ukraine on its future results because this impact is also subject to factors that remain outside of the influence or control of RAWLPLUG S.A. and RAWLPLUG Group.

If new significant events related to the impact of the war in Ukraine on the activities of RAWLPLUG S.A. and RAWLPLUG Group take place and if credible estimates of the potential impact of this factor on the results of the Company or Group are obtained, the Company's Management Board will disclose the relevant information through current reports.

3.2. INTERNAL FACTORS

The organisation has been properly prepared for fully efficient operations. Product portfolio analysis, a focus on those product groups that enable maximum competitive advantages, alongside deployment of management solutions for sales and marketing (merchandising, POS system for RAWLPLUG) as well as the introduction of the latest SAP solutions - these are the main tasks which were commenced in 2018 and is continuing.

On 4 January 2021, RAWLPLUG S.A. was merged with subsidiary Koelner Polska Sp. z o.o., based in Wrocław. The merger of these entities brings a range of operating benefits and financial savings, including: stronger market and financial position through the formation of one solid economic entity, centralisation of distribution and sales functions, formerly being conducted by two separate entities, consolidation of assets of the companies being merged, along with a streamlining of the organisational structure and operations of RAWLPLUG Group, thereby generating greater operational efficiency, simplified flows, reduced document volumes and elimination of mutual settlements between the merged companies. Financial savings in the administrative and organisational areas will undoubtedly be a benefit, including savings from the absorption of responsibilities related to the functioning of the acquired company as a separate legal entity.

The changes carried out in recent years aimed at better organising sales, production and marketing allow us to achieve optimal effectiveness and maximally use the Group's potential. Substantial capex on machinery, particularly as regards the production facility at Rawlplug S.A. as well as at the Łañcut branch of Koelner Rawlplug IP Sp. z o.o. have increased productivity, which translated into better product availability and higher pricing competitiveness, alongside an upgraded product offering.

3.3. GROWTH PERSPECTIVES

Rising labour costs in Poland and Europe coupled with increasingly apparent price expectations from customers, who themselves are having to deal with higher labour costs, mean that one of the priorities for 2022 is to grow sales and margins while limiting costs. The automation of production, logistics and processes is no longer merely optimisation but an essential condition for further developing the business at an expected pace. The Group is striving to further automate its factories in the coming years. RAWLPLUG Group intends to achieve this not just through investments in machinery and new production facilities (Rawlplug Vietnam Company Ltd) but also by optimising its offering and commercial processes (digitalisation project launched at RAWLPLUG Group at the beginning of January 2021).

As a result of the pandemic, RAWLPLUG Group was able to hire many new experienced employees as well as bring in new customers due to our competitors often experiencing difficulties with product, service or support availability. Owing to Rawlplug Academy's intensive training programme, we were able to prepare RAWLPLUG Group's business partners much better than in previous years.

RAWLPLUG Group continues pursuing its sustainable development mission, an inherent element of which is to minimise adverse impact on the natural environment.

3.4. GROWTH STRATEGY

The main strategic objective is reinforcement of RAWLPLUG Group's position in markets where it is already present. The aim is to strengthen the market position of RAWLPLUG Group's foreign companies, introduce new high-margin products, develop services and the training programme and develop business via new distribution channels, especially B2C e-commerce.

Another strategic objective of RAWLPLUG Group for 2022 is to focus on technologically advanced products groups, where the Group has high production competences. The Group aims to distribute its products through all available sales channels, which will be operated by either RAWLPLUG S.A. or its subsidiaries, depending on local requirements. The Group invariably considers European markets as key, but is also expanding in the Middle East, Australia, South America, Central and Eastern Asia and Africa.

RAWLPLUG Group decided to increase its salesforce in most of the markets where it is present. The largest than normally availability of experienced employees shows that this investment will accelerate the brand's development, especially in new markets for the Group.

4. SEASONALITY OF SALES

Given the fact that the main customer group for RAWLPLUG Group's products and goods is the construction sector, sales are subject to seasonality. The Group generates the largest portion of its revenue from sales in the third quarter and the smallest in the fourth quarter. Considering that sales of hand tools and power tools - which are subject to lesser seasonality than construction fixings - are increasing their share in the Group's overall sales structure, the seasonality effect is decreasing. Seasonality of sales is characteristic for both Poland as well as RAWLPLUG Group's foreign sales markets.

5. INVESTMENTS AND R&D

5.1. INVESTMENTS

RAWLPLUG Group's expenditures on tangible and intangible assets in 2021 reached PLN 67 883 thousand. These mainly concerned machine park modernisations at the production facilities in Wrocław, Łańcut and Vietnam. Investment expenditures also included research and development activities, the purchase and implementation of software.

At 31 December 2021, RAWLPLUG Group's had no bank deposits.

5.2. INVESTMENTS

	2021
Non-current non-financial assets, including:	18 665
Machinery and equipment	2 102
Buildings and structures	56
Means of transport	2 392
Software	2 001
Production in progress	11 901
Other tangible assets	213
Financial assets, including:	53 360
Other non-current and current financial assets	44 174
Investment in subsidiaries	9 186
TOTAL	72 025

Capital expenditure on non-current non-financial assets in 2021 amounted to PLN 18 665 thousand and mainly concerned expansion and upgrade of machinery, modernisation of buildings and structures, construction of a photovoltaics installation as well as SAP deployment at RAWLPLUG Group.

Investments in the Company's non-current financial assets, amounting to PLN 44 174 thousand, included loans (PLN 44 174 thousand) and purchase of shares (PLN 9 186 thousand).

In 2021, the Company did not record any significant expenditures on environmental protection.

5.3. R&D

R&D activities in 2021 were mainly conducted at RAWLPLUG S.A. and the Łańcut branch of Koelner Rawlplug IP Sp. z o.o.

RAWLPLUG S.A. conducted R&D work on construction fixings. In the areas of bonded anchors, mechanical anchors and plastic fixings: facade insulation, frame fixings and others. In addition, research and development activities focused on approval processes and process optimisation in manufacturing divisions.

In 2021, the Łańcut branch of Koelner Rawlplug IP Sp. z o.o. conducted activities in thermal processing and improvements in forging processes for a special group of screws for the automotive industry.

The product portfolio was extended by 105 new product groups, of which approx. 85% were for the automotive industry. Being able to maintain high quality made it possible to prepare full documentation for the approval of 136 products in accordance with automotive standards (VDA 2, AIAG PPAP). The approved products also include the highest quality and control for products with special safety requirements.

A new group of products refined by machining and an additional varnishing process was introduced. In addition, the refined products make better use of the resources already available. Cooperation with universities has been maintained in order to make even better use of numerical methods to analyse the forging process and tool life.

Cooperation on the local market was continued with aviation and automotive firms in 2021. Work also continued on increasing the efficiency of production technology shortening the process by machining and work on improving the efficiency of forging special products for valve-train systems.

Work on the improvement of concrete screws related to modified diameters and key types was in progress, which will increase the competitiveness of RAWLPLUG Group products.

5.4. INVESTMENT PLANS FOR 2022

RAWLPLUG Group plans to spend approx. PLN 117 million on capital expenditures in 2022.

The key investment projects are continuing:

- ✓ commencement of construction of a new distribution centre in Koźuchów,
- ✓ expansion of machine park at the production plant in Wrocław,
- ✓ expansion of machine park at the production plant in Łańcut,
- ✓ expansion of machine park at the production plant in Vietnam,
- ✓ research and development works,
- ✓ deployment of IT systems.

RAWLPLUG Group's investments are financed using own funds as well as investment loans and leasing.

RAWLPLUG S.A. plans to spend approx. PLN 21 million on capital expenditures in 2022. These will be mostly expenditures on:

- ✓ expansion and modernisation of buildings and structures,
- ✓ machinery and equipment,
- ✓ R&D, including planned expenditures on obtaining technical approvals,
- ✓ deployment of IT systems.

RAWLPLUG S.A.'s investments are financed using own funds and leasing. In 2022, the Company plans to spend approx. PLN 5 million in capital expenditures on renewable energy sources.

6. HUMAN RESOURCES

6.1. EMPLOYMENT

At 31 December 2021, RAWLPLUG Group employed 1 836 people.

RAWLPLUG Group employment

	31.12.2021
Polish companies	1 383
Foreign companies	453
TOTAL	1 836

At 31 December 2021, RAWLPLUG S.A. employed 724 people.

The following table presents average employment at RAWLPLUG S.A. for 2021, by work group:

RAWLPLUG S.A. employment	in full-time positions
	2021
Direct production workers	181
Indirect production workers	148
Sales force	341
Other	18
Total	688

The Company's HR policy is based on promoting professional development and fostering a safe working environment. As employer, RAWLPLUG S.A. does not discriminate and ensures equal treatment and employment conditions.

The majority of the Company's staff have high school education.

6.2. REMUNERATION POLICY

Rawlplug S.A.'s remuneration policy is based on the Company Fund Remuneration Regulations and is an element of management.

The existing remuneration policy results from the Company's strategy and thus supports the pursuit of short-, mid- and long-term growth plans.

The key objectives of the remuneration policy are as follows:

- ✓ motivating employees to constantly improving their work efficiency and growing their involvement,
- ✓ ensuring the adequacy of the remuneration system to the type of work being performed, value of the job position for the Company, competences, skills required and the market level of remuneration.

The Company has a time- and bonus-based remuneration system, which consists of base salary, specified on a monthly basis, and optionally: an MBO task-based bonus (monthly, quarterly, yearly) for achievement of objectives, results-related bonus, regulations-related bonus and commissions. Provisions in employment contracts address remuneration and the type of bonus.

Using an incentive scheme to pass onto the management team and employees objectives that are strictly aligned with the Company's short-, mid- and long-term growth plans ensures that the Company's business strategy is efficiently implemented. This is especially reflected in the MBO bonus.

The Company has a remuneration system for the management board and key manages, tied to the Company's financial ratios and thus to the long-term growth in value for shareholders. The incentive system is based on KPIs, which include project goals and a goal associated with the accuracy of rolling forecasts. The goals are achieved in accordance with RAWLPLUG Group's strategy.

Rawlplug S.A. provides non-wage benefits to its employees, such as: co-financing of private healthcare services, meals, sports cards. As part of the Company Social Security Fund, employees may use: co-financing for holidays or summer camps for children, holiday vouchers, etc.

The Company's incentive policy links pay with performance.

On 28 August 2020, the Company's Ordinary General Meeting adopted the "Policy for remunerating Management Board Members and Supervisory Board Members" through a resolution. This document is available at <http://www.rawlplug.pl/pl/relacje-inwestorskie/ad-korporacyjny/>.

The Policy for remunerating Management Board Members and Supervisory Board Members is in compliance with the requirements set in Chapter 4a of the Act on Public Offerings and the Terms for Introducing Financial Instruments to an Organised Trading System and on Public Companies.

7. RELATED-PARTY TRANSACTIONS

7.1. RELATED-PARTY TRANSACTIONS

All transactions between related parties were executed on market terms.

The following table presents transactions executed by companies within RAWLPLUG Group with related parties:

- ✓ receivables and prepayments, excluding loan receivables, at 31 December 2021,
- ✓ liabilities and deferred revenues, excluding loan liabilities, at 31 December 2021,
- ✓ loan and borrowing receivables and liabilities at 31 December 2021,
- ✓ revenue for the period 1 January – 31 December 2021, covering revenue from sale of products, services, goods and materials, result on sale of property, plant and equipment and financial assets, other operating revenues, finance income from dividends received and loans and borrowings granted, together with income from guarantees and sureties granted,
- ✓ purchases for the period 1 January – 31 December 2021, covering goods, materials, services, tangible assets and intangible assets,
- ✓ result on sale of tangible assets and other operating expenses during the period 1 January - 31 December 2021,
- ✓ finance costs constituting interest on loans received and costs of guarantees and sureties received during the period 1 January - 31 December 2021.

	Total related parties	Eliminations	Total related parties, after eliminations
Net revenue from sale of products, goods, materials and services	307 067	(276 900)	30 167
Purchases included in the cost of manufacture and value of goods, materials and services sold	192 389	(181 815)	10 574
Purchases included in selling costs and administrative expenses	30 739	(26 443)	4 296
Purchase or contribution of tangible assets and intangible assets	1 362	(1 362)	0
Other operating revenues	11 051	(6 904)	4 147
Other operating expenses	3 823	(3 742)	81
Dividend income	22 129	(21 682)	447
Other finance income	3 910	(2 473)	1 437
Finance costs	2 556	(2 473)	83
Receivables and prepayments, excluding loan receivables	67 337	(49 888)	17 449
Loan and borrowing receivables	146 872	(70 193)	76 679
Liabilities and deferred revenues, excluding loan liabilities	58 215	(56 183)	2 032
Loan and borrowing liabilities	71 486	(70 217)	1 269

As at 31 December 2021, RAWLPLUG Group had the following loan agreements with related parties:

Lender	Borrower	Year of execution	Contractual loan value		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
RAWLPLUG S.A.	Amicus Polinae Sp. z o.o.	2020	40 000	-	37 187	-	WIBOR 12M + margin	03.2023
RAWLPLUG S.A.	Rawlplug Italy S.R.L.**	2020	1 840	EUR 400	1 661	EUR 361	EURIBOR 1M + margin	01.2023
RAWLPLUG S.A.	Koelner Rawlplug IP Sp. z o.o.	2019	limit 10 000	-	6 043	-	WIBOR 1M + margin	10.2022
RAWLPLUG S.A.	Rawlplug Manufacturing (Thailand) Ltd	2019	2 030	limit USD 500	1 621	USD 399	LIBOR 3M + margin	08.2022
RAWLPLUG S.A.	Rawlplug Singapore PTE. LTD**	2018	2 922	USD 720	3 243	USD 799	LIBOR 3M + margin	06.2022
RAWLPLUG S.A.	Rawlplug Singapore PTE. LTD**	2018	2 922	limit USD 720	2 394	USD 590	LIBOR 3M + margin	06.2022
RAWLPLUG S.A.	Rawlplug Inc.**	2017	406	USD 100	203	USD 50	LIBOR 1M + margin	12.2023
RAWLPLUG S.A.	Koelner Trading KLD LLC**	2016	14 800	-	14 800	-	WIBOR 1M + margin	07.2022
RAWLPLUG S.A.	Rawlplug Ireland Ltd	2016	11 958	EUR 2 600	5 533	EUR 1 203	EURIBOR 1M + margin	12.2022
RAWLPLUG S.A.	Rawlplug Portugal LDA ** Gross value Impairment Net value	2016	920	EUR 200	900 (462) 438	EUR 196	EURIBOR 1M + margin	12.2022
RAWLPLUG S.A.	Rawl Africa (Pty) Ltd** Gross value Impairment Net value	2015	812	USD 200	476 (476) -	USD 117	LIBOR 1M + margin	06.2022
RAWLPLUG S.A.	Rawl Africa (Pty) Ltd** Gross value Impairment Net value	2015	203	USD 50	225 (225) -	USD 55	LIBOR 1M + margin	06.2022
RAWLPLUG S.A.	Koelner Trading KLD LLC**	2011	1 736	EUR 378	1 739	EUR 378	EURIBOR 3M + margin	01.2022
RAWLPLUG S.A.	Rawlplug Vietnam** Company Limited	2021	12 180	USD 3 000	11 116	USD 2 738	LIBOR 1M + margin	02.2022
RAWLPLUG S.A.	JN192 Sp. z o.o.**	2021	50	-	6	-	WIBOR 3M + margin	05.2023
RAWLPLUG S.A.	Rawlplug Middle East FZE	2017	14 494	USD 3 570	-	-	fixed interest	11.2022
RAWLPLUG S.A.	Rawlplug 5PL Sp. z o.o.**	2021	200	0	-	-	WIBOR 3M + margin	06.2022
Stahl GmbH	RAWLPLUG S.A.	2020	11 498	EUR 2 500	9 731	EUR 2 116	EURIBOR 1M + margin	09.2022
RAWLPLUG Ltd	RAWLPLUG S.A.	2016	9 872	GBP 1 800	6 636	GBP 1 210	SONIA 1M + margin	12.2022
Koelner Deutschland GmbH	RAWLPLUG S.A.	2020	3 680	EUR 800	3 680	EUR 800	EURIBOR 1M + margin	09.2022
Koelner Hungária Kft	RAWLPLUG S.A.	2020	12 464	HUF 1 000 000	12 524	HUF 1 004 807	BUBOR 1M + margin	12.2022
Koelner Hungária Kft.	Koelner Rawlplug IP Sp. z o.o. (branch in Łañcut)	2014	18 949	EUR 4 120	17 967	EUR 3 906	EURIBOR 1M + margin	12.2022
Koelner Hungária Kft.	Koelner Rawlplug IP Sp. z o.o. (branch in Łañcut)	2015	5 519	EUR 1 200	2 378	EUR 517	EURIBOR 1M + margin	04.2023
Koelner Hungária Kft.	Koelner Rawlplug IP Sp. z o.o.	2018	8 099	HUF 650 000	1 437	HUF 115 315	BUBOR 1M + margin	12.2022
Stahl GmbH	Koelner Deutschland GmbH	2010	10 689	EUR 2 324	2 681	EUR 583	fixed interest	12.2022
Stahl GmbH	Rawlplug Singapore Pte. Ltd**	2021	345	EUR 75	349	EUR 76	EURIBOR 1M + margin	05.2024
Koelner Deutschland GmbH	Rawlplug Singapore Pte. Ltd**	2021	690	EUR 150	698	EUR 152	EURIBOR 1M + margin	05.2024
RAWLPLUG Ltd	Rawlplug Singapore Pte. Ltd**	2021	3 291	GBP 600	3 328	GBP 607	LIBOR GBP 1M + margin	05.2024
Rawlplug Ireland Export**	Rawlplug Ireland	2014	1 053	EUR 229	1 267	EUR 275	EURIBOR 1M + margin	no deadline

* amounts to be repaid include interest accrued but not yet paid as at the end of the reporting period; ** Loans to unconsolidated companies

As at 31 December 2021, RAWLPLUG Group had the following loan agreements with non-related parties:

Lender	Borrower	Year of execution	Loan value as per the agreement		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
RAWLPLUG S.A.	WKK Obiekty Sp. z o.o.	2015	190	-	214	-	WIBOR 12M + margin	12.2023
ACTIVE HOTEL Sp. z o.o.	RAWLPLUG S.A.	2016	10 000	-	680	-	WIBOR 12M + margin	12.2022

* amounts to be repaid include interest accrued but not yet paid as at the end of the reporting period;

7.2. RELATED-PARTY TRANSACTIONS AT RAWLPLUG S.A.

All of RAWLPLUG S.A.'s related-party transactions were executed on market terms, and their nature and terms result from the on-going operating activities of the Company or its subsidiaries.

The table below presented transactions with related parties, including:

- ✓ net receivables, excluding loan receivables, as at 31 December 2021,
- ✓ liabilities, excluding loan liabilities, as at 31 December 2021,
- ✓ revenue for the period 1 January - 31 December 2021, covering revenue from sale of products, services, goods and materials, proceeds from sale of property, plant and equipment, other operating revenue, dividend and interest income, together with income from guarantees and sureties granted,
- ✓ purchases for the period 1 January - 31 December 2021, covering procurement of goods, materials, services and property, plant and equipment, plus initial rent recorded in prepayments. The item also includes finance costs constituting interest on loans received and the cost of guarantees and sureties received.

Transactions with subsidiaries

	01-12.2021	01-12.2020
Revenue from sale of products, services, goods and materials	185 421	333 251
Purchase of services, goods and materials	103 674	80 372
Other revenues	30 365	34 460
Purchase of property, plant and equipment	82	141
Other costs	2 280	1 075
	31.12.2021	31.12.2020
Liabilities	11 539	9 544
Receivables	43 126	67 359
Loans and borrowings granted	49 960	32 065
Loans and borrowings received	32 570	32 587

Concerns transactions with the following entities: Koelner Rawlplug IP Sp. z o.o., RAWLPLUG Ltd, Rawlplug Ireland Ltd, Rawlplug France SAS, Koelner Vilnius UAB, Koelner Hungária Kft, Koelner Deutschland GmbH, Stahl GmbH, Rawl Scandinavia AB, Rawlplug Middle East FZE, Rawlplug Ireland (Export) Ltd, Koelner CZ. s.r.o, Koelner-Ukraine LLC, Koelner Slovakia s.r.o, Koelner Trading KLD LLC, Rawl Africa (Pty) Ltd, Rawlplug Portugal LDA, Rawlplug Singapore PTE. LTD, Rawlplug Shanghai Trading Co., Ltd, Rawlplug Inc., Rawl India Services Private Limited, Rawlplug Manufacturing (Thailand) Limited, Rawlplug Italy S.R.L., Rawlplug Vietnam Company Ltd, JN192 Sp. z o.o. Sp. k., JN192 Sp. z o.o., Rawlplug Australia Pty Ltd, Rawlplug SPL Sp. z o.o.

Transactions with the parent

	01-12.2021	01-12.2020
Other revenues	798	701
Other costs	9	0
	31.12.2021	31.12.2020
Liabilities	51	0
Loans and borrowings granted	37 187	36 416

Concerns transactions with the parent: Amicus Polinae Sp. z o.o.

Transactions with key personnel and their related parties

	01-12.2021	01-12.2020
Purchase of services, goods and materials	1 320	629
Revenue from sale of products, services, goods and	467	0
Other revenues	7	7
Other costs	0	64
	31.12.2021	31.12.2020
Liabilities	51	57
Receivables	98	1

concerns transactions with members of RAWLPLUG S.A.'s Management Board and Supervisory Board, as well as with their relatives Radoslaw Koelner - President of the Management Board and co-owner of RAWLPLUG S.A.

In 2021, a PLN 15 thousand impairment loss was recognised on a loan granted to Rawl Africa (Pty) Ltd and on a PLN 6 thousand impairment loss on a loan to Rawlplug Portugal LDA.

Finance income on loan interest received during the period 1 January - 31 December 2021 was PLN 1 561 thousand, including: As at 31 December 2021, loan liabilities amounted to PLN 32 570 thousand, including: Finance costs on loan interest paid during the period 1 January - 31 December 2021 was PLN 791 thousand, including:

As at 31 December 2021, RAWLPLUG S.A. held contingent liabilities on sureties and guarantees granted to related parties in total amounting to PLN 16 081 thousand. A detailed list is presented in the table below.

Entity receiving the surety	Beneficiary	Liabilities connected with sureties / guarantees issued	Object of collateral	Term of surety / guarantee
Koelner Rawlplug IP Sp. z o.o.	CMC Poland Sp. z o.o.	16 000	supplies / services	31.12.2022
Rawlplug France SAS	Arval Partners Cofiparc SAS	81	lease	31.10.2024

The following table presents liabilities on the sureties received by RAWLPLUG S.A. as of 31 December 2021:

Entity issuing the surety	Beneficiary	Level of credit liabilities guaranteed by other entities	Term for which the surety was issued
Koelner Rawlplug IP Sp. z o.o.	ING Lease (Polska) Sp. z o.o.	28 674	from 03.2022 to 10.2026

8. OFF-BALANCE SHEET ITEMS

8.1. CREDIT OR LOAN SURETIES GRANTED OR RECEIVED AND GUARANTEES GRANTED AND RECEIVED AT RAWLPLUG GROUP AND RAWLPLUG S.A.

8.1.1. CREDIT OR LOAN SURETIES GRANTED OR RECEIVED AND GUARANTEES GRANTED AND RECEIVED AT RAWLPLUG GROUP

RAWLPLUG Group companies issue mutual sureties for both credit facilities and lease contracts as well as in the course of regular commercial activities. These are intra-group transactions (guaranteed liabilities are recorded in the consolidated balance sheet), therefore the associated liabilities are not recognised in the consolidated financial statements.

8.1.2. SURETIES GRANTED FOR LOANS AND BORROWINGS, GUARANTEES GRANTED BY RAWLPLUG S.A.

In 2021, a guarantee was signed between Arval Partners Cofiparc and RAWLPLUG S.A., under which RAWLPLUG S.A. guaranteed the repayment of the commercial liabilities of Rawlplug France SAS.

Guarantees for the repayment of the following subsidiaries' loan liabilities expired in 2021: Rawlplug France SAS, Koelner Rawlplug IP Sp. z o.o. and Rawlplug Ltd for Bank Handlowy w Warszawie S.A., issued by RAWLPLUG S.A.

As at 31 December 2021, RAWLPLUG S.A. held contingent liabilities on sureties and guarantees granted to subsidiaries in total amounting to PLN 16 081 thousand. A detailed list is presented in the table below.

Entity receiving surety/guarantee from RAWLPLUG S.A.	Beneficiary	Total amount of credit that is fully or partially secured	Term for which the surety was issued	Financial terms upon which the surety was issued	Type of connection between the entity issuing the surety and the entity receiving it
Koelner Rawlplug IP Sp. z o.o.	CMC Poland Sp. z o.o.	16 000	31.12.2022	Fees based on a fixed rate of interest	subsidiary
Rawlplug France SAS	Arval Partners Cofiparc SAS	81	31.10.2024	Fees based on a fixed rate of interest	subsidiary

8.1.3. SURETIES GRANTED AND RECEIVED FOR LOANS AND BORROWINGS, GUARANTEES RECEIVED BY RAWLPLUG S.A.

In 2021, Koelner Rawlplug IP Sp. z o.o. granted sureties to RAWLPLUG S.A. for the repayment of liabilities concerning lease contracts executed by RAWLPLUG S.A. with ING Lease (Polska) Sp. z o.o.

In 2021, the surety from Mr Radoslaw Koelner regarding the repayment of loans taken by RAWLPLUG S.A. in 2020 at Bank Handlowy w Warszawie S.A. expired.

The following table presents data concerning surety and guarantee liabilities received by RAWLPLUG S.A. as at 31 December 2021:

Entity issuing the surety	Year in which guarantee/surety was originated	Beneficiary	Level of credit and other liabilities guaranteed by other entities, and amount of customers guarantee	Term for which the surety was issued
Koelner Rawlplug IP Sp. z o.o. (subsidiary)	2017-2021	ING Lease (Polska) Sp. z o.o.	28 674	from 03.2022 to 10.2026
BNP Paribas Bank Polska	2018	customs guarantee	500	no deadline

8.2. OTHER OFF-BALANCE SHEET ITEMS

As at 31 December 2021, RAWLPLUG Group did not have any material off-balance-sheet items.

9. INFORMATION ON SURETIES AND GUARANTEES RECEIVED BY RAWLPLUG S.A.

Information on sureties and guarantees received by RAWLPLUG S.A. is presented in detail in point 8 "Off-balance-sheet items" of these financial statements.

10. INFORMATION ON LOANS, SURETIES AND GUARANTEES GRANTED BY RAWLPLUG S.A. AND CREDIT FACILITIES RECEIVED

Annexes to loan agreements executed in previous years as well as new agreements were executed in 2021.

In 2021, RAWLPLUG S.A. executed loan agreements with: Rawlplug Vietnam Company Limited (USD 3 million limit), JN192 Sp. z o.o. (PLN 50 thousand), Rawlplug 5PL Sp. z o.o. (PLN 200 thousand) and a novation agreement with Rawlplug Inc. (USD 100 thousand).

In 2021, within the contractual limits, the Company granted loans to: Amicus Polinae Sp. z o.o. (PLN 8 612 thousand), Koelner Rawlplug IP Sp. z o.o. (PLN 14 222 thousand), Rawlplug Portugal LDA (EUR 95 thousand), JN192 Sp. z o.o. (PLN 6 thousand) and Rawlplug Manufacturing (Thailand) Ltd (USD 185 thousand), Rawlplug Italy S.R.L. (EUR 238 thousand), Rawlplug Singapore Pte. Ltd (USD 60 thousand), Rawlplug Vietnam Company Limited (USD 2 710 thousand), Rawlplug Inc. (USD 13 thousand).

As at 31 December 2021, RAWLPLUG S.A. held loan receivables amounting to a total of PLN 87 147 thousand. A detailed list is presented in the table below.

Lender	Borrower	Year of execution	Contractual loan value		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
RAWLPLUG S.A.	Amicus Polinae Sp. z o.o.	2020	40 000	-	37 187	-	WIBOR 12M + margin	03.2023
RAWLPLUG S.A.	Rawlplug Italy S.R.L.	2020	1 840	EUR 400	1 661	EUR 361	EURIBOR 1M + margin	01.2023
RAWLPLUG S.A.	Koelner Rawlplug IP Sp. z o.o.	2019	limit 10 000	-	6 043	-	WIBOR 1M + margin	10.2022
RAWLPLUG S.A.	Rawlplug Manufacturing (Thailand) Ltd	2019	2 030	limit USD 500	1 621	USD 399	LIBOR 3M + margin	08.2022
RAWLPLUG S.A.	Rawlplug Singapore PTE. LTD	2018	2 922	USD 720	3 243	USD 799	LIBOR 3M + margin	06.2022
RAWLPLUG S.A.	Rawlplug Singapore PTE. LTD	2018	2 922	USD 720 limit	2 394	USD 590	LIBOR 3M + margin	06.2022
RAWLPLUG S.A.	Rawlplug Inc.	2021	406	USD 100	203	USD 50	LIBOR 1M + margin	12.2023
RAWLPLUG S.A.	Koelner Trading KLD LLC	2016	14 800	-	14 800	-	WIBOR 1M + margin	07.2022
RAWLPLUG S.A.	Rawlplug Ireland Ltd	2016	11 958	EUR 2 600	5 533	EUR 1 203	EURIBOR 1M + margin	12.2022

Lender	Borrower	Year of execution	Contractual loan value		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
RAWLPLUG S.A.	Rawlplug Portugal LDA Gross value Impairment Net value	2016	920	EUR 200	900 (462) 438	EUR 196	EURIBOR 1M + margin	12.2022
RAWLPLUG S.A.	Rawl Africa (Pty) Ltd Gross value Impairment Net value	2015	812	USD 200	476 (476) -	USD 117	LIBOR 1M + margin	06.2022
RAWLPLUG S.A.	Rawl Africa (Pty) Ltd Gross value Impairment Net value	2015	203	USD 50	225 (225) -	USD 55	LIBOR 1M + margin	06.2022
RAWLPLUG S.A.	Koelner Trading KLD LLC	2011	1 736	EUR 378	1 739	EUR 378	EURIBOR 3M + margin	01.2022
RAWLPLUG S.A.	Rawlplug Vietnam Company Limited	2021	12 180	USD 3 000	11 116	USD 2 738	LIBOR 1M + margin	02.2022
RAWLPLUG S.A.	JN192 Sp. z o.o.	2021	50	-	6	-	WIBOR 3M + margin	05.2023
RAWLPLUG S.A.	Rawlplug 5PL Sp. z o.o.	2021	200	-	0	-	WIBOR 3M + margin	06.2022
RAWLPLUG S.A.	Rawlplug Middle East FZE	2017	14 494	USD 3 570	0	-	fixed interest	11.2022

* amounts to be repaid include interest accrued but not yet paid as at the end of the reporting period.

As at 31 December 2021, RAWLPLUG S.A. held loan receivables amounting to a total of PLN 214 thousand. A detailed list is presented in the table below.

Lender	Borrower	Year of execution	Contractual loan value		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
RAWLPLUG S.A.	WKK Obiekty Sp. z o.o.	2015	190	-	214	-	WIBOR 12M	12.2023

* amounts to be repaid include interest accrued but not yet paid as at the end of the reporting period.

As at 31 December 2021, RAWLPLUG S.A. had liabilities concerning loans from related parties amounting to a total of PLN 32 574 thousand. A detailed list is presented in the table below.

Lender	Borrower	Year of execution	Contractual loan value		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
Stahl GmbH	RAWLPLUG S.A.	2020	11 498	EUR 2 500	9 731	EUR 2 116	EURIBOR 1M + margin	09.2022
RAWLPLUG Ltd	RAWLPLUG S.A.	2016	9 872	GBP 1 800	6 636	GBP 1 210	SONIA 1M + margin	12.2022
Koelner Deutschland GmbH	RAWLPLUG S.A.	2020	3 680	EUR 800	3 680	EUR 800	EURIBOR 1M + margin	09.2022
Koelner Hungária Kft	RAWLPLUG S.A.	2020	12 464	HUF 1 000 000	12 524	HUF 1 004 807	BUBOR 1M + margin	12.2022

As at 31 December 2021, RAWLPLUG S.A. had liabilities concerning loans from unrelated parties amounting to a total of PLN 680 thousand. A detailed list is presented in the table below.

Lender	Borrower	Year of execution	Contractual loan value		Value to be repaid*		Terms of interest	Repayment date
			PLN 000s	Foreign currency 000s	PLN 000s	Foreign currency 000s		
ACTIVE HOTEL Sp. z o.o.	RAWLPLUG S.A.	2016	10 000	-	680	-	WIBOR 12M + margin	12.2022

Information on sureties and guarantees granted by RAWLPLUG S.A. is presented in detail in point 8 "Off-balance-sheet items" of these financial statements.

In February 2021, RAWLPLUG S.A. signed another annex with Bank Handlowy w Warszawie S.A. to the Overdraft Agreement dated 8 February 2018, under which the financing period was extended by another 3 years, setting the new repayment date as 2 February 2024.

In 2021, RAWLPLUG S.A. executed an annex with Bank Handlowy w Warszawie S.A. to a Framework Agreement on Commercial Credit Facilities dated 13 April 2015. Pursuant to the annex, the Company's financing limit was changed from PLN 3 million to PLN 5 million.

In 2021, the Company signed a three-year IRS transaction with Bank Handlowy for PLN 100 million (hedged volume), tied to WIBOR1M. At the start of 2022, it signed further three-year IRSs for a total amount of PLN 100 million with BNP Paribas Bank Polska S.A., correlated with WIBOR1M and WIBOR3M.

In 2021, RAWLPLUG S.A. executed a new reverse factoring agreement with BNP Paribas Faktoring Sp. z o.o., with a USD 2 million limit. The agreement is executed for an indefinite period of time.

In 2021, RAWLPLUG S.A. executed a new reverse factoring agreement with PKO Faktoring S.A., with a PLN 10 million limit and repayment deadline of 22 June 2022.

In 2021, the Company signed another annex to the Multi-Product (credit) Agreement with ING Bank Śląski S.A., on the basis of which a part of the credit limit in the credit account was changed to a limit in the current account (PLN 10 million, without increasing the limit of the entire agreement).

In order to finance a range of investments, RAWLPLUG S.A. executed further lease contracts with ING Lease Polska Sp. z o.o. in 2021.

Annexes extending repayment deadlines for loans received by RAWLPLUG S.A. from Koelner Hungária Kft, Rawlplug Ltd and Active Hotel Sp. z o.o. were also signed in 2021.

Detailed information about credit facilities received is presented in note 20 of RAWLPLUG S.A.'s 2021 financial statements.

11. SIGNIFICANT PROCEEDINGS IN PROGRESS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY

At 31 December 2021, there were no proceedings on-going before a court or other authority, the object of which was a material payable or liability of RAWLPLUG S.A. or RAWLPLUG Group.

12. SIGNIFICANT INFORMATION FOR ASSESSMENT OF THE COMPANY AND GROUP

12.1. DIVIDEND

In 2021, RAWLPLUG S.A. paid a dividend to the Company's shareholders amounting to PLN 11 802 572.38 (PLN 0.38 per share).

At the date on which these financial statements were approved for publication, the Management Board of RAWLPLUG S.A. has not made a decision on allocation of the 2021 net profit and payment of a dividend. The final decision will depend on the current macroeconomic situation and economic perspectives related to the COVID-19 pandemic and the war in Ukraine. The ways of allocating the 2021 profit that will be contemplated by the Management Board include a dividend payment and retaining the earnings by the Company.

12.2. INFORMATION SIGNIFICANT TO ASSESSING THE GROUP'S AND COMPANY'S FINANCIAL SITUATION, INCLUDING ITS ABILITY TO PAY LIABILITIES

All information significant to assessing RAWLPLUG Group's HR, asset and financial situation, its financial result and information important to assessing RAWLPLUG Group's and RAWLPLUG S.A.'s ability to meet liabilities is presented in point 3 of this Management Report.

In connection with the emergence of the COVID-19 pandemic, the Management Board of RAWLPLUG S.A. continuously monitors the financial situation of the Company and the Group. The Company and the Group currently settle their current trade and financial liabilities on an ongoing basis. Maintaining all possible safety precautions intended to prevent the spread of the pandemic among employees, the Company and the Group are conducting regular production activities by implementing orders, sales and logistics. However, in the event of a renewed rapid spread of the virus and a possible freeze of the national and global economy, the Management Board of RAWLPLUG S.A. cannot rule out a negative impact of the pandemic on results in 2022. At the same time, at this stage it is not possible to determine the scope and scale of the impact of the present economic situation on the activities and results of the Company and the Group in the coming months.

The impact of the war in Ukraine on results is described in detail in point 3.1.5. of this Management Report.

12.3. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 28 January 2022, an annex to the Multi-Purpose Credit Limit agreement with PKO Bank Polski S.A. was signed, increasing the sublimit for letters of credit and guarantees from PLN 15 million to PLN 20 million. At the same time, a new sublimit was introduced for the overdraft facility up to PLN 20 million.

On 22 February 2022, an annex to the Multi-Product Agreement with ING Bank Śląski S.A. was signed, extending the repayment date of the current working capital loans until 30 April 2022. The extension is of a technical nature, the parties to the Agreement intend to enter into a further annex extending the working capital financing for further years.

The existing reverse factoring agreement with a limit of PLN 10 million for Koelner Rawlplug IP Sp. z o.o. was amended by an annex dated 27 January 2022 in such a way that its limit may also be used by RAWLPLUG S.A. At the same time, the existing reverse factoring agreement with a limit of USD 7 million for RAWLPLUG S.A. was amended by an annex dated 27 January 2022 in such a way that the existing limit of USD 7 million and the limit of PLN 10 million shared with Koelner Rawlplug IP Sp. z o.o. were converted into a new limit of PLN 37.3 million. On 17 February 2022, further annexes to both reverse factoring agreements were signed, changing the limits of PLN 37.3 million for RAWLPLUG S.A. (including PLN 10 million for RAWLPLUG S.A. or Koelner Rawlplug IP Sp. z o.o.) to - respectively - USD 9.5 million and USD 2.5 million.

On 26 January 2022, RAWLPLUG S.A. executed two IRSs with BNP Paribas Bank Polska S.A. for PLN 100 million, with the exercise deadline of 31 December 2024.

On 15 March 2022, RAWLPLUG S.A. received information that subsidiary Rawlplug İnşaat Malzemeleri LİMİTED ŞİRKETİ, based in Istanbul, has been successfully registered in Turkey. RAWLPLUG S.A. is the sole shareholder of the new company.

The company will conduct sales activities for RAWLPLUG product sales in Turkey.

The impact of the war in Ukraine on results is described in detail in point 3.1.5. of this Management Report.

13. MATERIAL AGREEMENTS

Presented in the table below are RAWLPLUG Group's significant agreements.

CREDIT AGREEMENTS

Borrower	Bank	Contractual value	Type of credit facility
RAWLPLUG S.A.	BNP Paribas Bank Polska S.A.	108 800	Overdraft / revolving credit facility
RAWLPLUG S.A.	ING Bank Śląski S.A.	70 000	Overdraft credit facility
RAWLPLUG S.A., Koelner Rawlplug IP Sp. z o. o.	Bank Handlowy w Warszawie S.A.	60 000	Trade credit

Detailed information on all credits and borrowings is presented in note 21 to RAWLPLUG Group's consolidated annual financial statements for the period from 1 January to 31 December 2021.

14. GROUP FINANCIAL RESULTS

The following alternative measures of results are presented in order to comprehensively depict the Group's financial situation. RAWLPLUG Group presents these specific alternative measures of results because they are standard measures and ratios commonly used in financial analysis. They provide important information on financial situation, operational efficiency, profitability and cash flows. Selection of alternative measures of results is preceded by analysis in order to provide investors with useful information on the Group's financial situation, cash flows, and they provide an ultimate way to evaluate the Group's financial results.

The APMs applied by the Company should be analysed only as a supplement rather than a replacement for the financial information being presented in the financial statements, and should be examined in conjunction with the Group's financial statements.

RAWLPLUG Group	01-12.2021	01-12.2020	% change
Revenue from sales	1 011 846	787 628	28.5
Cost of sales	(604 881)	(502 791)	20.3
Gross profit on sales	406 965	284 837	42.9
Selling costs	(181 325)	(152 519)	18.9
Administrative expenses	(62 708)	(53 368)	17.5
Profit on sales	162 932	78 950	106.4
Other operating revenues	15 377	19 435	(20.9)

Other operating expenses	(18 147)	(18 380)	(1.3)
Operating profit	160 162	80 005	100.2
Finance income	3 273	1 280	155.7
Finance costs	(9 791)	(12 726)	(23.1)
Gross profit	153 644	68 559	124.1
Income tax	(27 877)	(10 632)	162.2
Net profit	125 767	57 927	117.1
Depreciation	35 927	34 660	3.7
EBITDA	196 089	114 665	71.0

Consolidated revenue from sales in 2021 was PLN 1 011 846 thousand, up 4.9% on the previous year. Operating profit in 2021 came to PLN 160 162 thousand, up by 100.2% from 2020, while EBITDA reached PLN 196 089 thousand, up by 71.0% from 2020. RAWLPLUG Group generated PLN 125 767 thousand in net profit in 2021 (vs. PLN 57 927 thousand in 2019, denoting a 117.1% increase).

14.1. ASSET AND LIABILITY STRUCTURE IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Selected items from RAWLPLUG Group's consolidated statement of financial position

	31.12.2021	31.12.2020	Change
TOTAL ASSETS	1 211 039	996 715	214 324
Non-current assets, including:	567 868	542 342	25 526
Intangible assets	86 326	85 176	1 150
Property, plant and equipment	356 558	323 780	32 778
Investment properties	4 312	4 158	154
Investment in subsidiaries	35 102	25 929	9 173
Other non-current financial assets	38 659	51 825	(13 166)
Non-current receivables and prepayments	4 385	4 514	(129)
Deferred income tax assets	42 526	46 960	(4 434)
Current assets, including:	643 171	454 373	188 798
Inventories	357 792	257 199	100 593
Receivables and prepayments	4 093	1 802	2 291
Current financial assets	41 578	6 968	34 610
Cash and cash equivalents	64 267	47 375	16 892
TOTAL EQUITY AND LIABILITIES	1 211 039	996 715	214 324
Equity	643 740	527 086	116 654
Liabilities	567 299	469 629	97 670
Non-current liabilities, including:	102 391	206 647	(104 256)
Loans and borrowings	57 591	157 558	(99 967)
Current liabilities, including:	464 908	262 982	201 926
Loans and borrowings	224 506	89 804	134 702
Trade and other payables	158 327	116 846	41 481
		01-12.2021	01-12.2020
Share of non-current assets		46.9%	54.4%
Share of current assets		53.1%	45.6%
Share of inventories in current assets		55.6%	56.6%
Share of receivables in current assets		27.3%	31.0%

In the period from 31 December 2020 to 31 December 2021, the balance sheet total increased by PLN 214 324 thousand.

The following changes took place on the asset side, comparing to last year: non-current loans decreased by PLN 13 166 thousand, inventories grew by PLN 100 593 thousand, stakes in unconsolidated subsidiaries went up by PLN 9 173 thousand, while

property, plant and equipment and intangible assets grew by PLN 33 928 thousand, while current receivables grew by PLN 2 291 thousand.

On the equity and liabilities side, comparing to last year, equity increased in 2021 by PLN 116 654 thousand, while loan and borrowing liabilities increased by PLN 34 735 thousand and trade and other liabilities grew by PLN 41 481 thousand.

14.2. RAWLPLUG GROUP'S REVENUE FROM SALES

	31.12.2021	31.12.2020	% change
Revenue from sales	1 011 846	787 628	28.5
Cost of sales	(604 881)	(502 791)	20.3
Gross profit on sales	406 965	284 837	42.9
Margin I	40.2%	36.2%	

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue from sales	252 437	272 298	261 867	225 244	194 736	209 454	181 714	201 724
Cost of sales	(154 632)	(160 154)	(154 048)	(136 047)	(118 220)	(133 287)	(116 969)	(134 315)
Gross profit on sales	97 805	112 144	107 819	89 197	76 516	76 167	64 745	67 409
Margin I	38.7%	41.2%	41.2%	39.6%	39.3%	36.4%	35.6%	33.4%

Consolidated revenue from sales in 2021 reached PLN 1 011 846 thousand, up 28.5% on the previous year. This is a very good result, taking into account the chaos in global economy, the COVID-19 situation and the sales slump on the automotive market, which was almost entirely replaced with sales growth in the construction and assembly segment.

The changed sales structure is also reflected in gross sales margin, which in 2021 was 40.2%, compared to 36.2% in 2020.

RAWLPLUG Group sales

	01-12.2021	01-12.2021	01-12.2020	01-12.2020	Change	Change
Sales location	PLN 000s	% share	PLN 000s	% share	PLN 000s	%
Domestic	281 457	27.8	247 300	31.4	34 157	13.8
Export	730 389	72.2	540 328	68.6	190 061	35.2
Total	1 011 846	100.0	787 628	100.0	224 218	28.5

14.2.1. DOMESTIC SALES

In 2021, domestic sales came to PLN 281 457 thousand, a level 13.8% higher than that achieved in the preceding year. Currently, all efforts of our domestic sales force continue to be directed at acquiring clients from the special products segment - retaining the level of sales from before the removal of duty will be largely dependent on the development of new market segments.

14.2.2. FOREIGN SALES

RAWLPLUG Group's foreign sales in 2021 amounted to PLN 730 389 thousand, up 35.2% from 2020. RAWLPLUG Group's export sales in 2021 constituted 72.2% of total sales.

14.2.3. ASSORTMENT STRUCTURE

Assortment	01-12.2021	01-12.2021	01-12.2020	01-12.2020	Change	Change
	PLN 000s	% share	PLN 000s	% share	PLN 000s	%
Products	616 885	61.0	478 517	60.8	138 368	28.9
Goods and materials	391 662	38.7	306 870	39.0	84 792	27.6
Services	3 299	0.3	2 241	0.3	1 058	47.2
Total	1 011 846	100.0	787 628	100.0	224 218	28.5

In 2021, we continued our strategy of changing the product portfolio, which consisted of dropping low-margin products (third-party brands) and focusing on higher-margin ones. As a result, these products accounted for 61.0% of total sales.

14.2.4. SUPPLY SOURCES

Goods for resale as well as materials and goods for further processing that RAWLPLUG Group purchases are either low-processed (e.g. plastics, steel), medium-processed (e.g. bolts, screws, simple tools) or highly-processed (power tools). They are procured on an on-going basis from domestic, European and Asian (Taiwan, Malaysia, China) suppliers. RAWLPLUG Group does not have any suppliers that would have exclusive rights to any assortment. There is an alternative supplier for each product and material, resulting from the Group's long-term strategy. No supplier exceeded 10% in the purchasing structure, however RAWLPLUG Group strives to maximise purchasing volumes, which go through its own purchasing company in China, Rawlplug Shanghai Trading Ltd.

14.3. SELLING COSTS AND ADMINISTRATIVE EXPENSES

	31.12.2021	31.12.2020	% change
Selling costs	181 325	152 519	18.9
Administrative expenses	62 708	53 368	17.5
Operating expenses	244 033	205 887	18.5
Share of costs in sales	24.1%	26.1%	

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Selling costs	49 377	46 256	46 330	39 362	40 571	40 369	31 947	39 632
Administrative expenses	17 243	15 315	15 362	14 788	15 480	12 911	12 624	12 353
Operating expenses	66 620	61 571	61 692	54 150	56 051	53 280	44 571	51 985
Share of costs in sales	26.4%	22.6%	23.6%	24.0%	28.8%	25.4%	24.5%	25.8%

In 2021, RAWLPLUG Group recorded an 18.9% increase in selling costs, while administrative expenses went up by 17.5%, comparing with the same period last year. The share of total costs in sales declined to 24.1%.

The Management Board continues to work on reducing costs. The aim is to closely match costs to the level of revenue so as to avoid losses when sales stall.

14.4. FINANCING ACTIVITIES

	31.12.2021	31.12.2020	% change
Finance income	3 273	1 280	155.7
Finance costs	(9 791)	(12 726)	(23.1)
Result on financing activities	(6 518)	(11 446)	(43.1)

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Finance income	1 828	(1 337)	2 409	373	286	308	319	367
Finance costs	(1 546)	(3 659)	(1 568)	(3 018)	(3 052)	(2 854)	(2 352)	(4 468)
Result on financing activities	282	(4 996)	841	(2 645)	(2 766)	(2 546)	(2 033)	(4 101)

In 2021, RAWLPLUG Group generated PLN 3 273 thousand in finance income and incurred PLN 9 791 thousand in finance costs.

Finance income comprised (in PLN 000s):

	31.12.2021	01.12.2020
Interest on loans and borrowings granted	1 444	1 198
Dividends and share of profit	447	0
Gains on exchange differences	167	0
Other interest	56	56
Revenue from and measurement of derivatives	1104	0
Other	55	26
	3 273	1 280

Finance costs comprised (in PLN 000s):

	31.12.2021	01.12.2020
Interest on loans, borrowings and leases	5 531	6 372
Other interest	635	474
Commissions	1 444	1 587
Impairment of financial assets	38	0
Losses on exchange differences	134	2535
Sureties and guarantees	53	58
Recognition of impairment of investment properties	0	601
Other	1 956	1 099
	9 791	12 726

On 31 December 2020, RAWLPLUG S.A. executed three forward contracts with BNP Paribas Bank Polska S.A. for EURPLN 2 million, with deadlines of 29 January 2021, 26 February 2021 and 31 March 2021.

The Management Board continues to prioritise cost optimisation in both operating and financing activities. The cost reduction will be achieved through more streamlined processes within the Group and the use of natural hedging for foreign currency-denominated balance sheet items in as far as practicable.

14.5. PROFITABILITY RATIOS

Group profitability ratios	31.12.2021	31.12.2020
Gross sales margin	40.2%	36.2%
Operating margin	15.8%	10.2%
Net margin	12.4%	7.4%
Return on assets	10.4%	5.8%
Return on equity	19.5%	11.0%
EBITDA margin	19.4%	14.6%

Group profitability ratios	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Gross sales margin	38.7%	41.2%	41.2%	39.6%	39.3%	36.4%	35.6%	33.4%
Operating margin	11.3%	18.1%	17.5%	16.3%	8.2%	13.5%	11.1%	7.8%
Net margin	9.1%	12.7%	15.4%	12.4%	5.4%	10.3%	8.6%	5.1%
Return on assets	1.9%	2.8%	3.4%	2.5%	1.1%	2.1%	1.6%	1.0%
Return on equity	3.6%	5.6%	6.9%	5.0%	2.0%	4.2%	3.1%	2.1%
EBITDA margin	14.9%	21.4%	21.0%	20.1%	12.6%	17.7%	15.8%	12.1%

Ratio methodology:

- ✓ Gross sales margin = gross profit on sales / revenue from sales
- ✓ Operating margin = operating profit / revenue from sales
- ✓ Net margin = net profit / revenue from sales
- ✓ Return on assets = net profit / total assets
- ✓ Return on equity = net profit / equity
- ✓ EBITDA margin = EBITDA / revenue from sales

All profitability ratios improved in 2021, comparing with the same period last year.

14.6. LIQUIDITY RATIOS

Group's liquidity ratios	31.12.2021	31.12.2020
Current ratio	1.38	1.73
Liquidity ratio	0.61	0.75

Ratio methodology:

- ✓ Current ratio = current assets / current liabilities
- ✓ Quick ratio = (current assets - inventories) / current liabilities

Liquidity ratios at the end of 2021 slightly decreased but remain at safe levels.

14.7. DEBT RATIOS

Group's debt ratios	31.12.2021	31.12.2020
Debt ratio	46.8%	47.1%
Financial leverage	88.1%	89.1%
Equity to non-current assets	113.4%	97.2%
Long-term debt ratio	8.5%	20.7%
Non-current liabilities to liabilities	18.0%	44.0%

At the end of 2021, the debt ratio declined to 46.8% (from 47.1% at the end of 2020), and the share of own debt also decreased to 88.1% (from 89.1% at the end of 2020).

Ratio methodology:

- ✓ Debt ratio = current and non-current liabilities / total assets
- ✓ Financial leverage = current and non-current liabilities / equity
- ✓ Equity to assets = equity / total assets
- ✓ Long-term debt ratio = non-current liabilities / total assets
- ✓ Non-current liabilities to liabilities = non-current liabilities to liabilities

14.8. PROGRESS VERSUS PREVIOUSLY PUBLISHED GUIDANCE

The Management Board did not publish a financial forecast for 2021.

14.9. FACTORS AND EXTRAORDINARY EVENTS HAVING AN IMPACT ON FINANCIAL RESULTS

The only unusual event in 2021 was the COVID-19 pandemic, which was the source of a number of negative events, including: disruption and periodic reduction of working hours at various Group companies, employee sickness and absenteeism, employee stress caused by prolonged remote working, and supply chain disruptions. According to the Management Board, it is not possible to accurately estimate the impact of these factors on the financial results. It can only be stated that they were negative, but did not have a significant impact on the financial results of RAWLPLUG S.A. and RAWLPLUG Group. Information in this respect is presented in sec. 3 of this Management Report.

14.10. FINANCIAL MANAGEMENT

No significant factors were noted in 2021 such as could have impact on a change in the management of financial resources.

The procedures for managing currency risk, interest rate risk, credit risk and liquidity risk are described in Notes 38-41 of additional information to RAWLPLUG Group's consolidated annual financial statements for the period 1 January - 31 December 2021.

14.11. FINANCIAL RISK MANAGEMENT

Because RAWLPLUG Group is both an importer and exporter, it applies a significant degree of natural hedging. However, given its continued expansion in Western Europe, there is a growing imbalance in EURUSD, with an excess of EUR and shortage of USD.

On 31 December 2020, RAWLPLUG S.A. executed three forward contracts with BNP Paribas Bank Polska S.A. for EURPLN 2 million, with deadlines of 29 January 2021, 26 February 2021 and 31 March 2021.

The Group does not apply hedge accounting.

In measuring balance sheet items, the Management Board aims to offset foreign-currency items through natural hedging, in as far as this is practicable.

Due to the inflation growth, the Management Board of RAWLPLUG S.A. executed three interest rate SWAP contracts:

1. On 8 December 2021, RAWLPLUG S.A. entered into an interest rate SWAP forward contract with Citi Handlowy Bank Handlowy w Warszawie S.A. for the amount of PLN 100 million with a maturity date of 31 December 2024.
2. On 26 January 2021, RAWLPLUG S.A. executed two interest rate SWAPs with BNP Paribas Bank Polska S.A. for PLN 100 million, with the maturity date of 31 December 2024.

15. RAWLPLUG S.A. SEPARATE FINANCIAL RESULTS

The following alternative measures of results are presented in order to comprehensively depict the Company's financial situation. RAWLPLUG S.A. presents these specific alternative performance measures because they are standard measures and ratios commonly used in financial analysis. They provide important information on financial situation, operational efficiency, profitability and cash flows. Selection of alternative performance measures (APMs) is preceded by analysis in order to provide investors with useful information on the Company's financial situation, cash flows, and they provide an ultimate way to evaluate the Company's financial results.

The APMs applied by the Company should be analysed only as a supplement rather than a replacement for the financial information being presented in the financial statements, and should be examined in conjunction with the Group's financial statements.

RAWLPLUG S.A.

PLN 000s	31.12.2021	31.12.2020	% change
Revenue from sales	515 272	423 094	21.79
Cost of sales	(336 791)	(291 179)	15.66
Gross profit on sales	178 481	131 915	35.30
Selling costs	(106 660)	(85 951)	24.09
Administrative expenses	(26 982)	(25 187)	7.13
Profit on sales	44 839	20 777	115.81
Other operating revenues	15 699	12 315	27.48
Other operating expenses	(14 390)	(11 064)	30.06
Operating profit (loss)	46 148	22 028	109.50
Finance income	26 310	31 222	(15.7)
Finance costs	(8 996)	(10 558)	(14.8)
Gross profit	63 462	42 692	48.65
Income tax	(10 342)	(3 648)	183.49
Net profit	53 120	39 044	36.05
Depreciation	12 051	12 256	(1.67)
EBITDA	58 199	34 284	69.76

RAWLPLUG S.A.'s net revenue from sales in 2021 was PLN 515 272 thousand, up 21.79% from the previous year. Operating profit reached PLN 46 148 thousand, compared to PLN 22 028 thousand in 2020. EBITDA reached PLN 58 199 thousand, i.e. 69.76% higher than in 2020. The Company generated PLN 53 120 thousand in net profit in the 12 months of 2021 (vs. PLN 39 044 thousand in 2020, denoting a 36.05% increase).

15.1. ASSET AND LIABILITY STRUCTURE

RAWLPLUG S.A.

Selected balance sheet items (PLN 000s)	31.12.2021	31.12.2020	Change
TOTAL ASSETS	829 613	727 926	101 687
Non-current assets, including:	480 603	486 206	(5 603)
Intangible assets	8 378	8 632	(254)
Property, plant and equipment	117 931	114 191	3 740
Investment properties	3 203	3 049	154
Investment in subsidiaries	298 086	288 900	9 186
Other non-current financial assets	37 610	54 905	(17 295)
Non-current receivables and prepayments	3 289	3 483	(194)
Deferred income tax assets	12 106	13 046	(940)
Current assets, including:	349 010	241 720	107 290
Inventories	185 921	131 109	54 812
Receivables and prepayments	110 250	95 087	15 163
Other current financial assets	51 393	13 785	37 608
Cash and cash equivalents	1 446	1 739	(293)
TOTAL EQUITY AND LIABILITIES	829 613	727 926	101 687
Equity	391 654	350 337	41 317
Liabilities	437 959	377 589	60 370
Non-current liabilities, including:	76 801	199 431	(122 630)
Loans and borrowings	52 570	168 689	(116 119)
Current liabilities, including:	361 158	178 158	183 000
Loans and borrowings	216 531	75 056	141 475
Trade and other payables	95 016	73 319	21 697
Share of non-current assets	57.93%	66.79%	
Share of current assets	42.07%	33.21%	
Share of inventories in current assets	53.27%	54.24%	
Share of receivables and prepayments in current assets	31.59%	39.34%	

The balance sheet total as at the end of 2021 was PLN 829 613 thousand, up by PLN 101 687 thousand from the previous year. On the asset side, non-current assets decreased by PLN 5 603 thousand, while current assets increased by PLN 107 290 thousand.

On the equity and liabilities side, equity increased by PLN 41 317 thousand. Compared to 2020, non-current liabilities decreased by PLN 122 630 thousand.

15.2. REVENUE FROM SALES

RAWLPLUG S.A.'s sales

	01-12.2021	01-12.2021	01-12.2020	01-12.2020	Change	Change
	PLN 000s	% share	PLN 000s	% share	PLN 000s	%
Domestic	253 737	49.2%	227 778	53.8%	25 959	11.4
Export	261 535	50.8%	195 316	46.2%	66 219	33.9
Total	515 272	100.0%	423 094	100.0%	92 178	21.8

15.2.1. DOMESTIC SALES

2021 brought an 11.4% increase in domestic sales in comparison with last year.

Sales to other domestic counterparties did not exceed the 10% threshold in the sales structure in 2021. The largest sales to a single counterparty exceeded 8.7% of total revenue from sales.

15.2.2. SALES IN FOREIGN MARKETS

RAWLPLUG S.A.'s foreign sales in 2021 amounted to PLN 261 535 thousand, up 33.9% from 2020. The Company reported growth in foreign sales largely due to new, high-margin products sold under the RAWLPLUG brand, but also thanks to new client acquisition in markets where RAWLPLUG S.A. previously did not do business. Sales growth in foreign markets mainly occurred in Europe, including: Great Britain and France.

Sales to Rawplug Ltd. in 2021 accounted for 21% of total revenue. Sales to other foreign counterparties did not exceed the 10% threshold in the sales structure.

The following table presents RAWLPLUG S.A.'s sales divided into European Union and other countries (including Great Britain).

RAWLPLUG S.A.

Sales location	in PLN 000s	% share
European Union	154 752	59.2%
Other countries	106 783	40.8%
TOTAL	261 535	100.0%

15.2.3. PRODUCT STRUCTURE

Assortment	01-12.2021	01-12.2021	01-12.2020	01-12.2020	Change	Change
	PLN 000s	% share	PLN 000s	% share	PLN 000s	%
Products and services	358 137	69.5	148 882	35.2	209 255	140.6
Goods and materials	157 135	30.5	274 212	64.8	(117 077)	(42.7)
Total	515 272	100.0	423 094	100.0%	92 178	21.8

In 2021, we continued our strategy of changing the product portfolio, which consisted of dropping low-margin products (third-party brands) and focusing on higher-margin ones. As a result, these products accounted for 69.5% of total sales.

15.3. OPERATING EXPENSES

PLN 000s	31.12.2021	31.12.2020	% change
Selling costs	106 660	85 951	24.09
Administrative expenses	26 982	25 187	7.13
Operating expenses	133 642	111 138	20.25
Share of costs in sales	25.9%	26.3%	(1.26)

PLN 000s	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Selling costs	28 813	27 817	27 222	22 808	22 560	22 333	19 699	21 359
Administrative expenses	6 623	6 683	6 965	6 711	6 685	5 836	6 435	6 231
Operating expenses	35 436	34 500	34 187	29 519	29 245	28 169	26 134	27 590
Share of costs in sales	28.23%	23.99%	25.17%	26.80%	19.70%	18.30%	18.30%	20.10%

In 2021, RAWLPLUG S.A. recorded a 20.25% increase in operating costs compared with the previous year. Operating costs in 2021 represented 25.9% of sales, compared to 26.3% in the previous year.

The Management Board continues to work on reducing costs and adapting them as closely as possible to sales, so as to ensure that decreases in sales will not result in losses.

15.4. FINANCING ACTIVITIES

PLN 000s	31.12.2021	31.12.2020	% change
Finance income	26 310	31 222	(15.73)
Finance costs	(8 996)	(10 558)	(14.79)
Result on financing activities	17 314	20 664	(16.21)

PLN 000s	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Finance income	2 337	0	23 171	802	517	672	28 444	1 589
Finance costs	(2 388)	(2 923)	(1 215)	(2 470)	(2 769)	(1 750)	(3 387)	(2 652)
Result on financing activities	(51)	(2 923)	21 956	(1 668)	(2 252)	(1 078)	25 057	(1 063)

In 2021, RAWLPLUG S.A. generated PLN 26 310 thousand in finance income and incurred PLN 8 996 thousand in finance costs.

On 31 December 2020, RAWLPLUG S.A. executed three forward contracts with BNP Paribas Bank Polska S.A. for EURPLN 2 million, with deadlines of 29 January 2021, 26 February 2021 and 31 March 2021.

On 8 December 2021, RAWLPLUG S.A. entered into an interest rate SWAP forward contract with Citi Handlowy Bank Handlowy w Warszawie S.A. for the amount of PLN 100 million with a maturity date of 31 December 2024, which was measured and according to this measurement the Group generated PLN 1 863 thousand in profit.

The Company's Management Board continues to prioritise cost optimisation in both operating and financing activities. This will be effected through more streamlined corporate processes, restructuring of employment, reduction in bank margins and use of natural currency hedging in as much as practicable.

At the balance sheet date, no financial covenants in credit agreements were breached.

15.5. PROFITABILITY RATIOS

Profitability ratios	31.12.2021	31.12.2020
Gross sales margin	34.6%	31.2%
Operating margin	9.0%	5.2%
Net margin	10.3%	9.2%
Return on assets	6.4%	5.4%
Return on equity	13.6%	11.1%

Ratio methodology:

- ✓ Gross sales margin = gross profit on sales / revenue from sales
- ✓ Operating margin = operating profit / revenue from sales
- ✓ Net margin = net profit / revenue from sales
- ✓ Return on assets = net profit / total assets
- ✓ Return on equity = net profit / equity

All profitability ratios improved in 2021.

15.6. LIQUIDITY RATIOS

Liquidity ratios	31.12.2021	31.12.2020
Current ratio	0.97	1.36
Liquidity ratio	0.45	0.62

Ratio methodology:

- ✓ Current ratio = current assets / current liabilities
- ✓ Quick ratio = (current assets - inventories) / current liabilities

Liquidity ratios at the end of 2021 slightly decreased but remain at safe levels.

15.7. DEBT RATIOS

Debt ratios	31.12.2021	31.12.2020
Debt ratio	52.8%	51.9%
Financial leverage	111.8%	107.8%
Equity to assets	81.5%	72.1%
Long-term debt ratio	9.3%	27.4%
Non-current liabilities to liabilities	17.5%	52.8%

Ratio methodology:

- ✓ Debt ratio = current and non-current liabilities / total assets
- ✓ Financial leverage = current and non-current liabilities / equity
- ✓ Equity to assets = equity / total assets
- ✓ Long-term debt ratio = non-current liabilities / total assets
- ✓ Non-current liabilities to liabilities = non-current liabilities to liabilities

At the end of 2021, the debt ratio increased from 51.9% to 52.8%, while debt to equity increased from 107.8% to 111.8%.

15.8. PROGRESS VERSUS PREVIOUSLY PUBLISHED GUIDANCE

The Management Board did not publish a financial forecast for 2021.

15.9. FACTORS AND EXTRAORDINARY EVENTS HAVING AN IMPACT ON FINANCIAL RESULTS

The only atypical event in 2021 was the COVID-19 pandemic, and it was a source of a range of negative events, including: employee illness and absences, employee stress caused by long remote work, supply chain disruptions. According to the Management Board, it is not possible to accurately estimate the impact of these factors on the financial results. It can only be stated that they were negative. More information on this is available in point 3 of this Management Report.

15.10. FINANCIAL MANAGEMENT

No significant factors were noted in 2021 such as could have impact on a change in the management of financial resources.

In 2021, base interest rates, which are the basis for measuring the cost of bank loans, remained at stable low levels, which resulted in bank interest costs being at a level similar to that of last year. Furthermore, the Company has unused credit limits, which has a positive contribution to improving product availability and, therefore, on revenue and earnings.

15.11. FINANCIAL RISK MANAGEMENT

Because RAWLPLUG S.A. is both an importer and exporter, it applies a significant degree of natural hedging. However, given its continued expansion in Western Europe, there is a growing imbalance in EURUSD, with an excess of EUR and shortage of USD. The Management Board decided to use derivatives to hedge currency items in 2021 (exchanging EUR for USD).

On 31 December 2020, RAWLPLUG S.A. executed three forward contracts with BNP Paribas Bank Polska S.A. for EURPLN 2 million, with deadlines of 29 January 2021, 26 February 2021 and 31 March 2021.

On 8 December 2021, RAWLPLUG S.A. entered into an interest rate SWAP forward contract with Citi Handlowy Bank Handlowy w Warszawie S.A. for the amount of PLN 100 million with a maturity date of 31 December 2024.

The Group does not apply hedge accounting.

In measuring balance sheet items, the Management Board aims to offset foreign-currency items through natural hedging, in as far as this is practicable.

16. ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS

Pursuant to a decision of the Supervisory Board of RAWLPLUG S.A. dated 21 May 2021, selected as the entity authorised to audit RAWLPLUG S.A.'s separate financial statements and RAWLPLUG Group's consolidated financial statements for 2021 was Grant Thornton Polska sp. z o.o. s.k., based in Poznań, ul. Abpa Antoniego Baraniaka 88 E, entered into the list of entities authorised to audit financial statements held by the National Statutory Auditors Chamber in Poland under number 4055.

Pursuant to an annex to the agreement of 14 June 2021, signed on 26 July 2021, the selected auditor carried out:

1. review of RAWLPLUG S.A.'s separate financial statements for H1 2021;
2. review of RAWLPLUG Group's consolidated financial statements for H1 2021;
3. audit of RAWLPLUG S.A.'s annual separate financial statements for 2021;
4. audit of RAWLPLUG Group's annual consolidated financial statements for 2021.

Total amount of fees paid or due to be paid pursuant to the agreement concerning audit and review of financial statements, together with fees paid or due to be paid for tax advisory services:

	2021	2020
Audit fees, including:	84	73
- audit of separate financial statements	52	43
- audit of consolidated financial statements	32	30
Audit	38	35
- review of separate financial statements	21	19
- review of consolidated financial statements	17	16
Tax and legal advisory fees	0	0

RAWLPLUG S.A. previously retained Grant Thornton Polska Sp. z o.o. Sp.k. for review and audit of separate and consolidated financial statements for 2016, 2017, 2018, 2019 and 2020. Considering that Grant Thornton Polska Sp. z o.o. Sp. k. and Grant Thornton Frąckowiak Sp. z o.o. Sp.k. are both members of Grant Thornton International Ltd, the Company notes that it previously retained Grant Thornton Frąckowiak Sp. z o.o. Sp.k. and Grant Thornton Frąckowiak sp. z o.o., i.e. the auditor's general partner, for tax advisory services and review and audit of the separate and consolidated financial statements for 2004-2008 and 2010-2014.

17. STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE STANDARDS IN 2021

17.1. INDICATION OF THE CORPORATE GOVERNANCE STANDARDS TO WHICH THE ISSUER IS SUBJECT, TOGETHER WITH THE LOCATION WHERE THE TEXT CONCERNING SUCH PRINCIPLES IS PUBLICLY AVAILABLE

In 2021, RAWLPLUG S.A. observed regulations contained in the document "Best practices for WSE-listed companies 2016," adopted through Resolution 26/1413/2015 of the Exchange Council on 13 October 2015 (in effect from 1 January 2016 to 30 June 2021) as well as the new rules, in effect from 1 July 2021, as specified in the document "Best practices for WSE-listed companies 2021," adopted through Resolution 13/1834/2021 of the Exchange Council on 29 March 2021. The set of corporate governance standards is available online at <https://www.gpw.pl/dobre-praktyki2021>, the WSE's website dedicated to corporate governance.

The statement on application of corporate governance standards is available in the IR section of the Company's website (www.rawlplug.pl, section Corporate / Investor Relations / Corporate Governance).

17.2. INFORMATION ON THE EXTENT TO WHICH THE ISSUER DIVERGED FROM THE SET OF CORPORATE GOVERNANCE STANDARDS, INDICATION OF THOSE STANDARDS AND REASONS FOR THEIR OMISSION

In accordance with the Issuer's statement published on 29 July 2021, RAWLPLUG S.A. applied the rules specified in "Best practices for WSE-listed companies 2021" with the following exceptions:

I. Information policy and communication with investors

1.4. In order to ensure proper communication with stakeholders regarding the adopted business strategy, the company publishes on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by means of financial and non-financial indicators. Information on strategy in the ESG area should:

1.4.2. provide the value of the pay equity ratio paid to its employees, calculated as a percentage of the difference between the average monthly pay (including bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate possible inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is expected to be achieved.

At present, the Company does not keep such statistics, but in the near future it will publish on its website the data and values of the indicators indicated in point 1.4.2.

II. Management Board and Supervisory Board

2.1. The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, field of study, specialist knowledge, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%.

With respect to the members of the Supervisory Board, the Company meets the condition of ensuring a diversity level of not less than 30%. The Company does not have a formalised document in the form of a diversity policy with respect to the Management Board and the Supervisory Board. The most important criterion for electing members of the Company's bodies is the competence of the members of the Management Board and the Supervisory Board.

2.2. The persons deciding on the election of the members of the company's management board or supervisory board should ensure the comprehensiveness of these bodies by selecting diversity in their composition, making it possible, inter alia, to achieve

the target ratio of a minimum minority shareholding set at no less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.

As indicated in the explanation to rule 2.1, the Company does not have formalised diversity policy documents for the Management Board and the Supervisory Board. The determination of the composition of the Supervisory Board and the Management Board is the responsibility of the General Meeting and the Supervisory Board respectively. The main criterion for selecting Management Board and Supervisory Board members are the candidates' competence, education, experience and the needs of the Company.

2.11.6. information on the extent to which the diversity policy in respect of the management board and the supervisory board has been implemented, including the achievement of the objectives referred to in rule 2.1.

In the absence of a formalised document in the form of a diversity policy, the Supervisory Board does not assess the degree of its implementation.

III. Internal systems and functions

3.6 The head of internal audit reports organisationally to the president of the management board and functionally to the chairperson of the audit committee or to the chairperson of the supervisory board if the supervisory board acts as the audit committee.

The Company does not appoint a separate internal auditor to head the Company's internal audit function.

3.7. Rules 3.4 - 3.6 also apply to entities within the company's group that are material to the company's business, if they have designated persons to perform these tasks.

The Company does not appoint a separate internal auditor to head the internal audit function. The Company also does not have separate positions for the persons responsible for risk management and compliance in the companies of the group and thus does not apply the rules indicated in points 3.4-3.6.

IV. General meetings and relations with shareholders

4.1. The company should enable shareholders to participate in a general meeting using electronic means of communication (e-GM) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting.

The Company does not apply and does not expect to apply this rule in the future due to the low interest of the Company's shareholders in this form of participation in general meetings and the risk related to the technical aspects of holding such a general meeting, including ensuring proper identification of shareholders, security of electronic communication and smooth and undisturbed proceedings of the general meeting.

4.3. The company provides a publicly available real-time broadcast of the general meeting.

The rule is not applied for the reasons indicated in the commentary to rule 4.1. The Company also does not apply this rule due to the low interest of the Company's shareholders in this form of conducting general meetings.

17.3. DESCRIPTION OF PRINCIPLES CONCERNING THE APPOINTMENT AND DISMISSAL OF MANAGEMENT PERSONNEL AND THEIR ENTITLEMENTS, IN PARTICULAR THE RIGHT TO MAKE DECISIONS ON THE ISSUE OR BUYBACK OF SHARES

Pursuant to § 27 sec. 1 of the Articles of Association, the Management Board comprises one or more members, including the President and Vice-Presidents, elected and dismissed by the Supervisory Board. The Company may be represented by each Management Board member individually. The Company may also be represented by attorneys appointed by the Management Board pursuant to, and within the scope of, the relevant power of attorney. The Management Board term is three years and commences on the election date.

Management Board meetings are held as and when needed, however at least once every quarter. Minutes are kept at Management Board meetings.

The Management Board manages the Company's business, its movables and immovables and its rights, as well as adopts resolutions and makes decisions in all matters which are not reserved for the general meeting or Supervisory Board.

Management Board resolutions may be adopted if all persons entitled to participate in Management Board meetings had been properly invited, and at least two Management Board members are present.

Management Board resolutions are adopted by an absolute majority of votes cast, unless the articles of association state otherwise.

The following activities require Management Board resolutions:

- 1) incurrence of debt other than a regular trade credit;
- 2) issue of shares, bonds, warrants or promissory notes;
- 3) provision of collateral for any debt of another entity, including subsidiaries;
- 4) establishment of a mortgage or any other encumbrance of the Company's assets;
- 5) execution of an agreement resulting in the Company's obligation - or a risk of such an obligation arising - to provide, within a single financial year, items, services or cash in an amount exceeding PLN 2 000 000.00, unless the execution of such an agreement is included in the Company's annual financial plan (budget) adopted by the management board and approved by the supervisory board;
- 6) calling a general meeting or Supervisory Board meeting;
- 7) submission of a court request to declare as invalid or to waive general meeting resolutions;
- 8) submission of a court request to declare the Company's bankruptcy.

The Company's Articles of Association do not grant any special authorisation to the Management Board as regards decisions on issue or buyback of shares. In accordance with the articles of association, however, prior to a decision on issue of shares the Management Board is required to adopt a relevant resolution.

17.4. DESCRIPTION OF THE PRINCIPLES FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION

Pursuant to §16 sec. 2 point 2 of RAWLPLUG S.A.'s articles of association, all changes thereto are reserved exclusively for the general meeting. All matters concerning amendment of articles of association are exclusively regulated by the absolutely binding provisions of the Polish Commercial Companies Code, and the Company's articles of association do not contain any special provisions in this regard.

17.5. MODUS OPERANDI OF THE GENERAL MEETING, ALONG WITH ITS MAIN AUTHORISATIONS; DESCRIPTION OF SHAREHOLDER RIGHTS AND THE MEANS OF THEIR EXERCISE, IN PARTICULAR THOSE RESULTING FROM THE GENERAL MEETING RULES, IF THESE WERE ADOPTED, UNLESS SUCH INFORMATION IS NOT PROVIDED FOR BY THE PROVISIONS OF LAW

The general meeting operates pursuant to the provisions of the Polish Commercial Companies Code and the Company's articles of association.

The means of organising and conducting general meetings are described in the general meeting regulations adopted by the general meeting and available at www.rawlplug.pl.

As per the articles of association in effect in 2021, the general meeting may be held at the Company's registered office.

General meetings are called by the Company's Management Board.

An ordinary general meeting should take place no later than six months from the end of the financial year.

The Supervisory Board has the right to call an ordinary general meeting if the Management Board does not do so within the above time period as well as an extraordinary general meeting if it deems doing so appropriate. Each independent member of the Supervisory Board may request that a general meeting be called and request the introduction of specific matters to the general meeting agenda.

Shareholders representing at least half of share capital or at least half of the Company's voting rights may call an Extraordinary General Meeting. A shareholder or shareholders representing at least one twentieth of share capital may, prior to the General Meeting date, submit to the Company, in writing or in electronic form, draft resolutions concerning items on the General Meeting agenda or those which are yet to be included in the agenda.

A General Meeting is called by publishing a notification on the Company's website at least 26 days prior to the General Meeting date and in the manner specified for provision of current information in accordance with regulations on public offerings and the terms and conditions for admitting financial instruments to an organized trading system, and on public companies.

Draft resolutions for the general meeting are presented to shareholders within the time limits specified by laws on trade in financial instruments, the Polish Commercial Companies Code and other relevant regulations.

The right to participate in a General Meeting of a publicly-listed company belongs only to persons who are shareholders in the Company 16 days before the General Meeting. Shareholders have the right to participate in a general meeting either personally or through attorneys. A power of attorney should be granted in writing or in electronic form, and be attached to the General Meeting minutes.

The main rights and obligations of shareholders authorised to participate in a general meeting are as follows:

- 1) exercising voting rights,
- 2) submitting requests,
- 3) requesting secret ballots,
- 4) submitting appeals and requiring that they be entered into minutes,
- 5) submitting questions and requesting explanations from members of the Company's authorities present at the meeting as regards items on the meeting's agenda,
- 6) observing the meeting's agenda, legal regulations, provisions of the Company's Articles of Association and good practices.

Each shareholder participating in the general meeting has the right to propose candidates for all positions being filled.

Rules for appointing the Supervisory Board by the general meeting are specified in the Company's articles of association.

The general meeting is valid regardless of the number of shares represented.

General Meeting resolutions are adopted with an absolute majority of votes cast, unless an absolutely binding provision of law or the Articles of Association state otherwise.

Voting may be done with or without the use of an electronic voting and vote counting system.

In matters not included on the meeting's agenda, resolutions may not be adopted, unless the entire share capital is represented at that general meeting and no one appeals adoption of such a resolution.

According to the articles of association in effect in 2021, other than the matter specified in the Polish Commercial Companies Code, general meeting resolutions should concern the following:

- 1) examining and approving the Company's financial statements and management report, together with the Supervisory Board report, for the previous financial year,
- 2) adopting resolutions on the distribution of profit or coverage of loss from prior years,
- 3) adopting resolutions concerning votes of approval for members of the Company's authorities,
- 4) electing the Company's new authorities, if these are elected by the general meeting and the mandates of their members expire on the general meeting date.

In addition, the following competences lie exclusively with the general meeting:

- 1) appointment and dismissal of Supervisory Board members, subject to § 18 of the Company's articles of association,
- 2) amendment to the Company's articles of association,
- 3) decision on issue or buy-back of shares,
- 4) issue of convertible bonds or bonds with pre-emptive rights to the Company's shares,
- 5) issue of warrants,
- 6) establishment of salary regulations and amounts for members of the Supervisory Board,
- 7) merger or dissolution of the Company and selection of liquidators,
- 8) sale, lease or encumbrance of the Company's business,
- 9) examination of claims against members of the Company's authorities or the Company's founders concerning damages resulting from illegal actions.

Further, in accordance with art. 90d sec. 1 of the Act on Public Offerings, the General Meeting is tasked with adopting a policy for remunerating management board and supervisory board members through a resolution.

General meeting resolutions are placed on the agenda, prepared by a notary.

17.6. COMPOSITION OF THE ISSUER'S MANAGEMENT BOARD, SUPERVISORY BOARD, ADMINISTRATIVE AUTHORITIES AND THEIR COMMITTEES, ALONG WITH CHANGES OVER THE PAST FINANCIAL YEAR

Management Board

The composition of the Company's Management Board did not change in 2021.

Composition of RAWLPLUG S.A.'s Management Board as at 31 December 2021:

Radosław Koelner	- President
Marek Mokot	- Vice-President
Piotr Kopydłowski	- Member, responsible for finance

The Company's Management Board operates pursuant to the provisions of the Polish Commercial Companies Code and the Company's articles of association. The organisation and modus operandi of the Management Board are specified in the Management Board regulations approved by the Supervisory Board, which are available online at www.rawlplug.pl.

The Company may be represented by each Management Board member individually. The Company may also be represented by attorneys appointed by the Management Board pursuant to, and within the scope of, the relevant power of attorney. The Management Board term is three years and commences on the election date. A Management Board member's mandate expires on the date of the Ordinary General Meeting approving the financial statements for the last year of such a member's term.

Management Board meetings are held as and when needed, however at least once every quarter. Minutes are kept at Management Board meetings.

The Management Board manages the Company's business, its movables and immovables and its rights, as well as adopts resolutions and makes decisions in all matters which are not reserved for the general meeting or Supervisory Board.

Management Board resolutions may be adopted if all persons entitled to participate in Management Board meetings had been properly invited, and at least two Management Board members are present.

Management Board resolutions are adopted by an absolute majority of votes cast, unless the articles of association state otherwise.

The following activities require Management Board resolutions:

- 1) incurrence of debt other than a regular trade credit;
- 2) issue of shares, bonds, warrants or promissory notes;
- 3) provision of collateral for any debt of another entity, including subsidiaries;
- 4) establishment of a mortgage or any other encumbrance of the Company's assets;
- 5) execution of an agreement resulting in the Company's obligation - or a risk of such an obligation arising - to provide, within a single financial year, items, services or cash in an amount exceeding PLN 2 000 000.00, unless the execution of such an agreement is included in the Company's annual financial plan (budget) adopted by the management board and approved by the supervisory board;
- 6) calling a general meeting or Supervisory Board meeting;
- 7) submission of a court request to declare as invalid or to waive general meeting resolutions;
- 8) submission of a court request to declare the Company's bankruptcy.

Supervisory Board

The composition of the Company's Supervisory Board did not change in 2021.

On 21 June 2021, the Ordinary General Meeting dismissed Mr. Zbigniew Pamuła as Supervisory Board member in connection his resignation tendered in on 18 May 2021. At the same time, the Ordinary General Meeting appointed a new member of the Supervisory Board, Anna Piotrowska - Kus.

Composition of RAWLPLUG S.A.'s Supervisory Board as at 31 December 2021:

- | | |
|--------------------------|----------------------|
| - Krystyna Koelner | - Chairperson |
| - Tomasz Mogilski | - Deputy Chairperson |
| - Włodzimierz Frankowicz | - Member |
| - Janusz Pajka | - Member |
| - Anna Piotrowska - Kus | - Member |
| - Zbigniew Stabiszewski | - Member |

The Supervisory Board operates pursuant to the provisions of the Polish Commercial Companies Code and the Company's articles of association. The organisation and modus operandi of the Supervisory Board, as well as the means of adopting resolutions, are detailed in Supervisory Board regulations, as approved by the Supervisory Board. The regulations are available online at www.rawlplug.pl.

The number of Supervisory Board members is specified by the general meeting prior to their election. The Supervisory Board is elected for a three-year term.

Supervisory board members may not be employees of the Company nor members of the authorities or employees of the Company's subsidiaries. They may not engage in activities competing with the Company's interest.

At least two supervisory board members should fulfil the independence criteria specified in the Company's articles of association. Furthermore, an independent Supervisory Board member should fulfil the criteria specified in art. 129 sec. 3 of the Act on statutory auditors, audit firms and public oversight of 11 May 2017 (Polish Journal of Laws of 2017, item 1089, as amended) and indicated in "Best practices for WSE-listed companies 2021."

The General Meeting appoints the Supervisory Board chairperson from amongst Supervisory Board members, who are appointed by the General Meeting. The Supervisory Board appoints its Deputy Chairperson through a secret ballot.

Supervisory Board resolutions may be adopted if all members have been properly invited to the meeting.

Supervisory Board resolutions are adopted by an absolute majority of votes cast, unless the Articles of Association state otherwise.

In the case of an even number of votes, the Supervisory Board chairperson holds the deciding vote. Minutes are kept at Supervisory Board meetings.

Supervisory Board members may perform their functions only in person.

The Supervisory Board may delegate its members to perform certain supervisory functions on an individual basis.

Management Board members may participate in Supervisory Board meetings with an advisory vote.

Supervisory Board members receive remuneration for the functions they perform in the amounts specified by the general meeting.

Supervisory Board meetings are called at least once every quarter by the Supervisory Board chairperson or - in his/her absence - by the Supervisory Board deputy chairperson, on his/her own initiative, at the request of the Management Board or at the request of a Supervisory Board member.

An invitation to a Supervisory Board meeting is deemed effective if it is sent at least 10 days before the meeting date. Supervisory Board meetings may be conducted using long-distance communications, provided that all participants of such a meeting will be able to hear the other participants as well as be able to speak, and that all participants will be provided the same documents concerning items on the agenda.

The adoption of a resolution in writing by circulation is permissible.

The responsibilities of the Supervisory Board include:

- 1) reviewing and examining the Management Board's report on the operations of the Company and RAWLPLUG Group in terms of compliance with documents, accounts and the factual state,
- 2) reviewing and examining the separate and consolidated financial statements for the previous financial year in terms of compliance with documents, accounts and the factual state,
- 3) reviewing and examining Management Board requests regarding the allocation of profit or coverage of loss,
- 4) preparing a report on the Supervisory Board's activities,
- 5) preparing a report on remuneration,
- 6) assessing the Company's situation, taking into consideration an assessment of internal control, risk management and compliance systems as well as the internal audit function,
- 7) assessing the way in which the Company fulfils its information obligations resulting from corporate governance rules,
- 8) assessing the rationality of the Company's sponsorship, charity or other similar policy if the Company is involved in such activities.

The Supervisory Board provides continuous oversight of the Company's operations along with the exercise of the entitlements and obligations specified by law, and in particular the following:

- 1) establishing the remuneration of Management Board members and the principles for their employment;
- 2) consenting to the Management Board members' engagement in competing activities, either personally or as participants in partnerships, members of the corporate authorities of companies or cooperatives, as well as shareholders of companies or cooperatives, if their share of the capital of such companies or cooperatives exceeds 5% or if they are entitled to appoint, pursuant to the articles of association or founding agreement, at least one member of the Management Board or Supervisory Board;
- 3) approving the formation of a new company or entry into an existing company by Rawlplug S.A.;
- 4) approving the purchase or sale of fixed assets with net accounting value exceeding 20% of equity, as indicated in the Company's most recent financial statements;
- 5) approving the Company's loans and borrowings exceeding 20% of equity, as indicated in the Company's most recent financial statements;
- 6) approving loans or guarantees by the Company for natural or legal persons, subject to sec. 2 points 7 and 8), with value exceeding 5% of equity, as indicated in the Company's most recent financial statements;
- 7) approving loans or guarantees by the Company for RAWLPLUG Group entities, with value exceeding 20% of equity, as indicated in the Company's most recent financial statements;
- 8) approving agreements being executed by the Company in excess of PLN 2 000 000.00 with a shareholder holding at least 5% of the total votes in the Company or related party;
- 9) consenting to the sale, acquisition or encumbrance of property or shares in property;
- 10) approving the Management Board regulations;
- 11) appointing a statutory auditor to carry out the audit or review of financial statements;
- 12) delegating supervisory board members to the management board in the event that management board members are suspended.

The Supervisory Board represents the Company in agreements and disputes with members of the Management Board, with the Supervisory Board Chairperson or another Supervisory Board member designated through a Supervisory Board resolution signing on behalf of the Supervisory Board pursuant to a one-time authorisation granted through a resolution.

The Supervisory Board examines and issues opinions on matters that are to be the subject of General Meeting resolutions.

The detailed means of calling and operation of the Supervisory Board are presented in the Supervisory Board Regulations adopted by the General Meeting at the request of the Supervisory Board Chairperson.

According to its regulations, the Supervisory Board may appoint and in cases where it is legally required does appoint permanent committees from amongst Supervisory Board members. In particular, the Supervisory Board appoints an audit committee.

Through a resolution of 28 November 2005, the Supervisory Board appointed an **Audit Committee**.

In accordance with the Audit Committee Regulations adopted by the Supervisory Board, the Audit Committee's tasks include supporting the Supervisory Board as a statutory body of the Company in performing its supervisory responsibilities as well as other activities specified in Polish and EU law, including especially:

- 1) monitoring:
 - a) the financial reporting process,

- b) the effectiveness of internal control and risk management systems, including within a scope that applies to financial reporting,
 - c) the performance of financial review functions, including in particular audits being carried out by audit firms, taking into account all conclusions and findings by the Audit Supervision Commission resulting from inspections carried out at the audit firms;
- 2) controlling and monitoring the statutory auditor's and audit firm's independence, especially if non-audit services are being performed for the Company by the audit firm (the monitoring of the independence of the statutory auditor and audit firm includes reviewing whether the audit firm is in compliance with the existing guidelines concerning the rotation of statutory auditors, the level of remuneration paid by the Company to the audit firm and the regulatory requirements in this scope);
 - 3) informing the Supervisory Board of audit results and explaining how the audit contributed to the reliability of the Company's financial reporting and what the Audit Committee's role in the audit process was;
 - 4) examining the statutory auditor's independence and expressing consent for provision of non-audit services by such statutory auditor for the Company (control of the character and scope of permissible non-audit services, including especially based on disclosures by the audit firm or statutory auditor of all fees paid by the Company to the audit firm and its network, with a view to preventing any conflicts of interest in this aspect);
 - 5) drafting and reviewing the audit firm selection policy;
 - 6) drafting and reviewing the policy concerning provision of non-audit services by the audit firm conducting the audit, by its related parties or a member of the audit firm's network;
 - 7) defining and reviewing the procedure to select the Company's audit firm;
 - 8) evaluating the process of selecting the audit firm and presenting to the Supervisory Board the recommendations referred to in art. 16 sec. 2 of Regulation 537/2014 regarding the appointment of statutory auditors or audit firms, in accordance with the policies referred to in points 5 and 6 above;
 - 9) reviewing the effectiveness of the external audit process, and the responsiveness of management to the recommendations made by statutory auditors;
 - 10) investigating the issues giving rise to any resignation of the external auditor, and make recommendations as to any required action;
 - 11) making recommendations intended to ensure the reliability of the Company's financial reporting process;
 - 12) review at least annually the internal control and risk management systems, with a view to ensuring that the main risks (including those related to compliance with existing legislation and regulations) are properly identified, managed and disclosed,
 - 13) supervising the organisational unit responsible for the Company's internal audit;
 - 14) if the Company has a separate internal audit function - ensuring the effectiveness of the internal audit function, especially through appointing, re-appointing and dismissing the head of internal audit and the related budget as well as monitoring the responsiveness of management to its conclusions and recommendations.

The composition of the Audit Committee did not change in 2021. As at 31 December 2021 and at the date on which these financial statements were prepared, the Audit Committee's composition was as follows: Zbigniew Stabiszewski, Janusz Pajka and Włodzimierz Frankowicz. The Audit Committee held five meetings in 2021.

Mr. Zbigniew Stabiszewski, Mr. Włodzimierz Frankowicz and Mr. Janusz Pajka meet the independence criteria for independent supervisory board members and independent audit committee members in the meaning of "Best practices for WSE-listed companies 2021" and the act of 11 May 2017 on statutory auditors, audit firms and public oversight (Polish Journal of Laws of 2017, item 1089).

Audit Committee members' competences in accounting and the industry:

Zbigniew Stabiszewski has:

- knowledge and skills in the area of accounting, resulting from the fact that he has been operating since 2006 in the economic advisory sector, mainly for businesses and local government units. He is authorised as supervisory board member for State Treasury companies. He has many years of experience working at supervisory boards, including audit committees, for entities related to the banking sector, investment funds, trade of financial instruments and businesses;
- knowledge and skills in the relevant industry, gained as member of the Company's Supervisory Board in 2011-2018 and resulting from the fact that he has been operating since 2006 in the economic advisory sector, mainly for businesses and local government units.

Włodzimierz Frankowicz has:

- knowledge and skills in the area of accounting, resulting from the fact that in 1990-2016 he was the owner and manager of Biuro Księgowo-Rachunkowe "STORNO" sp. z o.o. and has the following professional authorisations:
 - Qualification Certificate 2000/97 issued by the Minister of Finance for people providing bookkeeping services - 1997
 - Tax adviser no. 3055, entered onto the list of tax advisers by the Minister of Finance - 1997
- knowledge and skills in the industry, resulting from the fact that in 1988-1990 he served as director general at Zakład Wytwarzania Urządzeń Elektronicznych ARMATRONIC, where he personally oversaw the operation of a plastics processing facility, production and repair of injection forms and the work of a team of designers.

Janusz Pajka has:

- knowledge and skills in the industry, acquired while serving as member of the Company's supervisory board.

The Supervisory Board selects the statutory auditor to audit the Company's separate and consolidated financial statements. Statutory auditor authorised to audit the Company's financial statements is understood as the entity specified in the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Polish Journal of Laws of 2017, item 1089),

Pursuant to § 23 sec. 13 point 8 of the Company's Articles of Association, the Audit Committee evaluates the process to select the statutory auditor and provides a recommendation to the Supervisory Board on audit firm selection. The entity authorised to audit RAWLPLUG S.A.'s separate financial statements and RAWLPLUG Group's consolidated financial statements for 2021 is Grant Thornton Polska Sp. z o.o. sp.k. Sp.k. The audit firm was selected by the Company's Supervisory Board on 21 May 2021. The Audit Committee's recommendation regarding extension of cooperation with the existing audit firm was drafted following an organised procedure in compliance with the applicable laws.

The Company has the following documents in place:

- "Policy for selecting audit firm to audit by public-interest entity - RAWLPLUG S.A., based in Wrocław,"
- "Policy for selecting audit firm by public-interest entity - RAWLPLUG S.A., based in Wrocław,"
- "Policy for the provision of permitted non-audit services by the audit firm conducting the audit, by its related parties or a member of the audit firm's network, for a public-interest entity - RAWLPLUG S.A., based in Wrocław,"

the provisions of which are in compliance with the requirements of the Act on statutory auditors, audit firms and public oversight of 11 May 2017 (Polish Journal of Laws of 2017, item 1089).

In the course of selecting the audit firm to audit the Company's financial statements, the Company's bodies and the Audit Committee (as a body created within the Supervisory Board, which is not a body of the Company in the legal and formal sense) apply due care to follow Polish and EU legal regulations as well as guidelines and clarifications from authorities carried out oversight of public-interest entities, intended to:

- 1) ensure the appropriate quality of audit by increasing audit reporting standards;
- 2) eliminating the risk of violating the independence and the professional scepticism rule by the selected audit firm;
- 3) ensuring the independence and objectivity of the selected audit firm and statutory auditor.

- 4) increasing the Audit Committee's competences as body playing an important role in ensuring the high quality of statutory audits.

The Company observes the prohibition on provision of non-audit services by the audit firm conducting the audit, by its related parties or a member of the audit firm's network. Grant Thornton Polska Sp. z o.o. Sp.k., as auditor of the Company's separate financial statements and Rawlplug Group's consolidated financial statements for financial year 2020, did not provide non-audit services to the Company.

17.7. DIVERSITY POLICY CONCERNING THE COMPANY'S AUTHORITIES AND KEY MANAGERS

RAWLPLUG S.A.'s diversity policy is an extension of the Group's Code of Ethics and is an integral part thereof.

The policy aims to build awareness and organisational culture open to diversity, which leads to more efficient work, development of trust and counteracts discrimination.

The Company's diversity policy intends to fully use the employees' potential, their diverse skills, experiences and talents in an atmosphere of respect and support.

RAWLPLUG S.A. is implementing diversity management rules and an equal treatment policy, taking into account respect for a diverse, multi-cultural society and placing special emphasis on equal treatment in terms of gender, age, disability, health, race, nationality, ethnic origin, religion, faith, lack of religious beliefs, political beliefs, trade union participation, sexual orientation, gender identity, marital status, lifestyle, employment for, scope and basis as well as other considerations that provide exposure to discrimination.

Creating appropriate working conditions is an important element of the diversity policy, intended to ensure that employees feel respected and appreciated and that they feel they can develop and maximise their professional potential. The Company is promoting a culture based on dialogue, openness, tolerance and team work, alongside an approach that minimises risk related to the loss of valuable employees.

In selecting executives and key managers for the Group's companies, the Company strives to ensure versatility and diversity, especially as regards gender, education, age and professional experience. Strong qualifications and technical readiness for the given job are the deciding aspects.

18. STATEMENT ON RAWLPLUG GROUP'S NON-FINANCIAL DATA

18.1. BUSINESS MODEL AND KEY PERFORMANCE INDICATORS

Manufacturer of fixings, screws and tools

Rawlplug has been producing fixings, screws and tools for more than a hundred years. The company founder and brand author, John Joseph Rawlings, an inventory and a visionary, developed and patented the first wallplug, a solution that revolutionised the construction industry and made the RAWLPLUG brand synonymous with the wallplug even today. This discovery was also the beginning of a new history for the RAWLPLUG brand, which has been part of RAWLPLUG Group since 2005 and currently counts more than 30 000 products in its portfolio across 10 categories, with application in the widely-defined building industry. RAWLPLUG Group's products are a guarantee of safety and reliability wherever they are used - from household finishing works to such impressive facilities as the Burj Khalifa in Dubai, Wembley Stadium in London, Olympic Park in Sochi, Yas Marina Formula 1 race track in Abu Dhabi, Wembley Stadium in London, National Music Forum in Wrocław and the Curiosity Mars rover - the latest such vehicle sent to Mars by NASA - and many, many more.

RAWLPLUG Group is a manufacturer of fixings, fasteners, screws and tools, meaning that it designs, produces and sells assortment groups such as construction fixings, handtools, power tools and screw products. The products manufactured by RAWLPLUG Group guarantee safety and fixing reliability and are used in industries such as construction, automotive, energy, road-building, forestry, machinery, power machinery, mining, ship-building.

The Group's offering is based on three complimentary pillars: innovative products that meet the highest global safety standards, specialist services intended to improve the effectiveness of the work of designers, constructors and contractors, modern training within the Rawlplug Academy development program and a unique know-how resource pool. All of this creates a set of benefits thanks to which RAWLPLUG S.A.'s clients receive products they can trust, support they need and unique know-how to increase their expert capabilities.

Brands

Because its customers have various business profiles, specialisations and operational scales, RAWLPLUG Group's portfolio includes four distinct brands: RAWLPLUG, Koelner, LF and Modeco. This is why customers receive truly comprehensive solutions, with optimal parameters, which impact their business decisions.

RAWLPLUG®. A global brand that became a part of RAWLPLUG Group in 2005 but has been on the market since 1919. The RAWLPLUG portfolio consists of products of the highest global class, meeting rigorous safety requirements. Mechanical anchors, bonded anchors, lightweight fixings, lightweight fasteners, thermal insulation facade fasteners, flat roof fasteners, passive fire protection systems, foams and sealants, screws, direct and manual assembly techniques, power tool accessories and top-quality hand tools constitute a comprehensive portfolio for professionals.

KOELNER®. A strong Polish brand that has long enjoyed the trust of its customers, who appreciate it for an attractive quality to price profile. Koelner's products include construction fixings and fasteners, from facade and roofing insulation fixings through self-drilling screws to fixings systems for lightweight industrial structures. These are proven and appreciated products, both at the construction site and at home.

LF®. This is a brand of high-quality fasteners - a variety of custom and standard cold-rolled screw products. LF means top-quality products made in a variety of sizes and delivered in a variety of protective coating systems (zinc flake, galvanic layers, hot dip galvanised coat, pre-applied coats). The brand's products are tailored to individual client needs and are used in all industries where reliability and high quality are the top priority.

MODECO®. The Modeco brand has been specialising in reasonably priced high-quality handtools and power tools for over 25 years. The brand's products are appreciated for durability, resistance to mechanical damage and aesthetic design, regardless of whether they are used at construction sites or at home. Modeco includes the following brands: Modeco Expert, i.e. tools and power tools for small craft shops and demanding handymen, Modeco Home, which includes handtools for home use.

Companies

RAWLPLUG Group sells its products around the world through an extensive network of own companies and distributors. Its presence spans more than 70 countries, and the key destinations for the Group's products are Western as well as Central and Eastern European countries, although interest in its products has been increasing in new markets every year, and RAWLPLUG Group is constantly expanding its distribution network.

Research and development	Production	Logistics	Disposal
Technical and Research Centre in Łańcut and Wrocław	Manufacturing facility in Wrocław (RAWLPLUG S.A.) Screw manufacturing plant in Łańcut (Koelner Rawlplug IP Sp. z o.o., Łańcut branch) Factory in Bangkok (Rawlplug Manufacturing (Thailand) Ltd.) Manufacturing facility in Kaliningrad (Koelner Trading KLD LLC - this facility is not included in the consolidated financial statements) Factory in Vietnam (Rawlplug Vietnam Company Limited, not included in the consolidated financial statements)	Warehousing Comprehensive customs services	The Company's own distribution companies and partners on four continents: Europe, Asia, Africa and Australia

Production

RAWLPLUG Group has full control over every manufacturing process. This is possible due to successive roll-out of production areas in its factories, which in technological terms are some of the most modern and automated factories in the world. Production at RAWLPLUG Group is a complex, orderly and systematic sequence of many specialised tasks, which together form a comprehensive, fully controlled process. RAWLPLUG Group monitors, examines and continuously improves every stage of the process, from design by a team of engineers and constructors, prototyping and testing in the research and development division, through to production in the world-renowned Polish factories in Wrocław and Łańcut.

RAWLPLUG S.A. The production company located in Wrocław was formed in 1999, and one of its factories had functioned since 1986. Thanks to major investments in the machinery park it developed quickly and systematically expanded its product assortment. It began producing wallplugs in 2003. RAWLPLUG S.A. currently has employees mainly in the production area. The Production Department cooperates closely with the Research and Development Department, which is equipped with a modern laboratory and a powerful technological base. RAWLPLUG S.A. produces a wide array of wallplugs from plastics and bonded anchors, and all of these products are sold globally.

Koelner Rawplug IP Sp. z o.o. branch in Łańcut This is the largest producer of fasteners in Central Europe. LF products are a synonym for reliability and are renowned around the world. Since the beginning in 1957, the factory's top priority has been to produce goods of the highest quality. Thanks to such priorities, the factory developed dynamically for decades, outpacing its competitors and becoming one of the finest production facilities in the global fixings industry. The factory is also a member of the prestigious European Industrial Fasteners Institute, the largest European association for the producers of fasteners. It has been a part of RAWLPLUG Group since 2006 and is one of its key production facilities. The Łańcut facility produces screws and nuts in accordance with the standards PN, DIN, ISO, BS and ANSI, a full range of mechanical anchors (clamp, sleeve, for heavy loads) and fastening screws (sizes M4 to M24), nuts (sizes M4 to M20), as well as complex fasteners and speciality products. The factory in Łańcut is one of the most modern plants in Europe and caters to clients from all segments of the fixings market thanks to advanced technical infrastructure for thermal processing and coating, which allows to produce a very wide range of products.

18.2. BUSINESS STRATEGY, KEY FINANCIAL AND NON-FINANCIAL RATIOS

Mission and vision

The mission is the main reason for RAWLPLUG Group's existence as it expresses its operational philosophy, defining its crucial role in business as well as in society and in the world. RAWLPLUG Group's mission is to deliver the most cutting-edge solutions that can be trusted. In practice, this means that it gains trust by providing innovative solutions. RAWLPLUG Group focuses on innovations throughout every stage of work on improving what has been done so far and on developing what it is planning to create. The modernity and technological advancement offered by RAWLPLUG Group bring safety, reliability and simplicity of use. It is important to the Group for every client to realise this when selecting its products and services. This is why every day - at 32 companies on 4 continents a team of over 1800 employees pursue RAWLPLUG Group's mission: to deliver the latest solutions that you can trust.

RAWLPLUG Group

	2021	2020
Number of companies	32	31
Average headcount at RAWLPLUG Group companies	1 800	1 812

The vision defines RAWLPLUG Group's key objective and constitutes the foundation for its strategy and operational directions. RAWLPLUG Group's vision is to be a global brand of first choice. This means that the Group has ambitions and aspirations for its products to be desired all over the world. This is why it focuses on expanding into new markets globally, and its offering does not include just reliable and innovative products but also complementary services and professional training. With this

comprehensive approach, the Group is strengthening its position as expert in the fixings industry that has been enjoying the trust of its demanding customers for more than 100 years.

Values

RAWLPLUG Group would not be able to pursue its mission and vision without our values: engagement, efficiency, professionalism, cooperation and a client-centric attitude. They are at the foundation of our activities. RAWLPLUG Group counts on professionalism, i.e. the highest quality of work and expert know-how of all its employees, therefore the Group is investing heavily in development and continues to strengthen its position as expert in the fixings industry. It is also heavily focused on the effects of its work, i.e. effectiveness, and in relations with clients it counts on long-term relations and meeting their needs. RAWLPLUG Group's clients feel taken care of at every stage of cooperation thanks to the involvement of the entire team, which provides them with strong support in terms of sales advisory, technical advisory and the transfer of expert knowledge and unique know-how.

Business strategy

RAWLPLUG Group operates in a highly competitive and dynamically changing surrounding therefore in order to remain the expert in fixings it has set out three key objectives, which are at the foundation of RAWLPLUG Group's business strategy. These are:

1. Retain innovation dynamics.

By implementing this objective, RAWLPLUG Group focuses on both retaining the level of product innovations in order to improve and develop goods for customers as well as on retaining the level of design innovations, which improves efficiency and the quality of work in numerous areas, allowing the Group to achieve more.

2. Expand sales.

RAWLPLUG Group is successively expanding its presence on new markets throughout the world, at the same time strengthening its position on existing markets. This is made possible by RAWLPLUG Group's complementary offering of products, specialised services and innovative training.

3. Increase internal performance.

RAWLPLUG Group optimises and improves everything it does. The efficiency of the Group's internal processes directly translates into quality and work effectiveness and in consequence the offering that is delivered to clients.

These three objectives are the pillars of RAWLPLUG Group's strategy, allowing it to focus on what's most important and confidently look to the future.

RAWLPLUG Group's revenue from sales reached PLN 1 011 846 in 2021.

RAWLPLUG Group

	2021	2020
RAWLPLUG Group's revenue from sales (in PLN 000s)	1 011 846	787 628

18.3. IMPORTANT TOPICS RELATED TO SUSTAINABLE DEVELOPMENT AND RESPONSIBLE BUSINESS

Sustainable development at RAWLPLUG Group results directly from its vision, i.e. being the brand of first choice throughout the world. This is an ambitious goal and a great commitment. To social sensitivity. To generosity. To attentiveness. To engagement. Because a global brand of first choice is a responsible brand. RAWLPLUG Group does not want to do business without focusing on what is the most important for us, what gives us potential and perspectives. Employees and clients. Local community. Natural environment. These are RAWLPLUG Group's strengths.

RAWLPLUG Group's sustainable development is based on three pillars: value-based management, care for the environment and social engagement. They accompany everything the Group does, creating foundations for its responsibility. These pillars were chosen following an analysis of areas important to stakeholders and of importance from the industry's perspective.

Value-based management. RAWLPLUG Group manages people, projects, processes, relations with clients, the supply chain. This is a major challenge and in order to do it better and more effectively, the Group focuses on the most important values: respect, honesty, lawfulness, loyalty, because they have the greatest impact on efficiency, standards and discipline, which are the main impulses for creating new opportunities and possibilities. This is a common denominator for all activities the aim of which is RAWLPLUG Group's global expansion, as stated in its vision.

As part of value-based management, RAWLPLUG Group:

- ✓ ensures product reliability, showing that it is trustworthy,
- ✓ cares about its clients' expert know-how because it wants them to be proud of working with RAWLPLUG Group,
- ✓ focus on innovativeness in creating products and services because its clients' comfort and safety are the highest priorities,
- ✓ acts based on an incontestable ethics code because it wants its actions to be transparent,
- ✓ cares about the development of its employees, about their involvement, because it wants them to be satisfied and loyal,
- ✓ guarantees workplace safety and comfort because it wants employees to feel secure and comfortable,
- ✓ respects and appreciates social and cultural diversity because thanks to this it is working more creatively for the entire world.

Care for the environment. This also stems from RAWLPLUG Group's vision and is of great importance. The Group constantly takes action that proves this. It builds awareness of the importance of the environment in our lives. It creates and promotes best practices in respecting our planet. It places emphasis on ecological awareness at every stage of operations.

As part of environmental care, RAWLPLUG Group:

- ✓ conducts operations in compliance with an environmental management system and thus is careful and reliable in meeting all norms and standards,
- ✓ complies with legal regulations concerning environmental protection by meeting all environmental requirements,
- ✓ focuses on both quality and quantity efficiency and on the quality of its solutions across all actions undertaken for the environment,
- ✓ monitors environmental indicators on an on-going basis and continuously works on improving activities intended to minimise any potential impact on the environment,
- ✓ participants in environmental protection campaigns, both local and global, increasing social awareness amongst its employees, business partners and local communities.

Social engagement. RAWLPLUG Group employs approx. 1 800 people globally, and every one of these people has a family, friends and relatives. Together they create a community of importance to RAWLPLUG Group, which wishes to actively participate in the life of this community and exert positive influence. Be supportive. RAWLPLUG Group is much more than simply a business or workplace. It is a partnership approach, building the trust of local communities through investments in their development, supporting them in their daily challenges, becoming involved in education and relation building.

As part of its social engagement, RAWLPLUG Group:

- ✓ supports charitably activities for the local community because it cares about its quality of life, safety and wellness,
- ✓ finances local sporting and cultural events because it wants the local community to pay attention to how important sports and leisure are to every-day life.

- ✓ encourages employees and partners to actively participate in charity campaigns because it knows how important charity is and wants to raise awareness about philanthropic activities.

RAWLPLUG Group has deliberately decided to pursue a sustainable development strategy. This is one of the foundations of trust building. This is an investment for the future. The future, which combines 100 years of know-how and experience with a constant drive towards innovations.

RAWLPLUG Group's complete report on sustainability in 2021 is being prepared in line with the international standard Global Reporting Initiative (GRI). Once complete, it will be published at <https://company.rawlplug.com/zrownowazony-rozwoj/>. The report will contain an extended description of the way in which we are pursuing our strategic directions in sustainable development, alongside good practices and results indicators (GRI).

18.4. TAXONOMY

In this report, RAWLPLUG Group discloses for the first time information regarding the EU Taxonomy of Environmentally Sustainable Activities. These obligations were introduced by Regulation (EU) 2020/852 of the Parliament and of the Council of 18 June 2020. In the first year of application, in accordance with the content of the Commission Delegated Regulation (EU) 2021/2178, RAWLPLUG Group discloses the percentage of turnover, capital expenditure and operating expenditure qualifying for the systematics (Taxonomy), without having to verify the Technical Qualification Criteria, i.e. to determine what percentage of these three values is related to environmentally sustainable activities. RAWLPLUG Group will regularly review the legal status and its operations, and it cannot be ruled out that the values of the following indicators will be updated in the future as new legal regulations and their interpretation appear and the indicators are updated.

RAWLPLUG Group generates revenues from the production of construction fasteners, power tools and bolts.

These activities are not included in the systematics in terms of Annexes I and II of the Delegated Act on Climate (Commission Delegated Regulation (EU) 2021/2139).

Percentage of taxonomy-eligible economic activity in total revenue 0%.

Percentage of taxonomy-non-eligible economic activity in total revenue 100%.

RAWLPLUG Group has not identified any capital expenditures related to the implementation of a plan to expand its business activities in line with the taxonomy in paragraph 1.1.2 of Annex I to the Regulation.

Analysis shows that RAWLPLUG Group did not incur capital expenditures that would be considered as eligible under the Taxonomy.

RAWLPLUG Group has not identified any costs related to the implementation of a plan to expand its business activities in line with the taxonomy in paragraph 1.1.2 of Annex I to the Regulation.

RAWLPLUG Group has not identified operating expenses that would be eligible for the Taxonomy.

18.5. RISK MANAGEMENT

RAWLPLUG Group analyses risks related to its business, which raises its efficiency. These surveys include both financial risks and risks associated with employees, the environment and corporate governance, whilst in the production facilities in Wrocław and Łańcut risks are analysed in every possible area of operations.

This risk assessment involves the likelihood of risk, its overall impact on the Group's activities and the level of control that should be ensured. Next, a detailed plan of action is developed for each risk so as to have remedies ready.

INDICATOR

Examples of risk divided into categories:

- ✓ corporate governance: financial penalties, lack of payment of receivables, lack of compliance with the law, reputation damage,
- ✓ human rights: lack of compliance with the law, failure to observe the ethics code,
- ✓ environment: lack of compliance with the law, changes in laws, loss of permits,
- ✓ business ethics: loss of trust of suppliers, delayed deliveries, anti-dumping practices,
- ✓ consumer issues: inspections and penalties, loss of customer trust, delayed deliveries to clients,
- ✓ society development: lack of trust.

18.6. MANAGEMENT, PROCEDURES AND RESULTS IN THE EMPLOYEE AREA

RAWLPLUG Group knows its strong suites and at the same time is well aware of the fact that the market is dynamically changing and that in order to keep up with these changes the Group has to constantly monitor and improve its activities in every area of the business. Areas which directly or indirectly have an impact on the qualifications, competences and comfort of its employees are especially important to RAWLPLUG Group.

At the end of 2021, RAWLPLUG Group had 1 836 employees in 31 countries on four continents. This team plays important roles in over a dozen areas, which are of key importance to the Group's activities. Each function and every employee at RAWLPLUG Group are equally important and needed. All roles and tasks intertwine and complement one another, creating a complementary structure thanks to which the work of the entire team lets us build and strengthen a leading position on the international market. Regardless of whether it is the head of production facility, R&D director, marketing specialist, quality controller, junior engineering consultant, warehouse, packaging or production worker - their work is appreciated and respected. Everyone at RAWLPLUG Group has the same goals and the same drive to achieve them.

RAWLPLUG Group has a high work dynamic, focus on creative development and global expansion. Good is not enough for the Group. It has great ambitions to retain and strengthen its position of international expert in the fixings industry. Therefore, every member of the RAWLPLUG team is expected to be well prepared for work, have excellent time management and quick reaction skills. Clear and understandable communication is also really important, especially in an international team. But this is not all. Having wide-ranging specialist knowledge about the Group's products and services is also of key importance. To verify this knowledge, RAWLPLUG Group conducts cyclical employee competence evaluations, which offer an opportunity to analyse each employee's individual characteristics and skills that have an impact on individual success and good teamwork. Solutions supporting the development of knowledge, competences and skills are created on the basis of employee evaluation results. An example of such a solution is Rawlplug Academy, an innovative training and development system at RAWLPLUG Group that provides access to an integrated package of training and tools useful in every-day work in a single place, available online.

RAWLPLUG Group is an international company, with operations in numerous areas. It employs people all over the world, thanks to which it deals with great diversity as regards both its employees' tasks and specialisations and cultures and nationalities. RAWLPLUG Group believes that such diversity is its great strength but it requires the right approach. This is why RAWLPLUG Group does not have one HR strategy to manage people, rather each company has personnel and departments responsible for observing the local legal requirements concerning labour as well as workplace health and safety regulations.

Management foundations: Master Plan

Master Plan is one of the largest and most important strategic projects being implemented by RAWLPLUG S.A. It is closely aligned with its sustainability strategy. The Master Plan involves the modernisation of the Wrocław-based production facility, consisting of the introduction of modern technologies and replacement of machines and equipment as well as centralisation of production and production-related divisions around the innovation area, which is composed of R&D and quality teams.

This reorganisation entails structural changes, improvements in the area of technological innovations, modifications of production processes, optimisation of internal logistics and inventory management concerning raw materials and intermediates. As a result of the Master Plan, the production facility will be divided into four key areas:

- ✓ warehousing of raw materials and intermediates,
- ✓ technological and quality support,
- ✓ technical support,
- ✓ production.

The Master Plan's key objective being pursued by RAWLPLUG S.A. is to optimise logistics processes, automate production processes, centralise competences, improve workplace health and safety, retain workplace ergonomics and raise efficiency.

Management by objectives (MBO)

Management by objective is a useful tool that mobilises the entire RAWLPLUG team for creative work and active attitudes in implementing joint strategic goals, which translates into higher operational performance. As part of MBO, at both Wrocław- and Łańcut-based companies, regular employee evaluations are carried out. On this basis, employees receive monthly, quarterly or annual objectives and their performance based on defined criteria is tied to bonuses. Moreover, RAWLPLUG Group believes that financial bonuses are not the only thing that counts. The Group realises that its team's enthusiasm and right attitudes are also driven by other, non-financial factors, therefore it provides numerous benefits to employees, such as healthcare, accident insurance, sporting discounts, vouchers for meals. RAWLPLUG Group also keeps in mind the personal ambitions of its team and strives to appreciate every-day work by delegating new development tasks and increasing scopes of responsibility so that employees feel that they have unlimited opportunities for self-fulfilment at RAWLPLUG Group.

Safety

Safety is a key issue for RAWLPLUG Group. Due to the specific nature of its industry and its approach to quality and comfort of its entire team. Although RAWLPLUG Group has procedures concerning safety, detailed analyses are conducted for previous hazardous situations and prevention plans are developed on this basis, while management communication heavily emphasises safety in every-day operational work, RAWLPLUG Group is unable to entirely avoid accidents. It is constantly working on minimising the occurrence of factors that may result in an accident. It is systematically increasing its employees' awareness of workplace safety rules and behaviours. It operates in compliance with the ISO 45001 system, implemented in Wrocław and Łańcut, as well as it monitors workplace health and safety rules and regulations and, if necessary, immediately updates or amends procedures that ensure the safety of all employees at RAWLPLUG Group.

It is thanks to these standards that in 2021 there were just 12 light accidents at both of the production facilities - in Wrocław and Łańcut - and no fatal accidents.

RAWLPLUG Group

	2021	2020
Fatal accidents	0	0
Light accidents	12	12

18.7. MANAGEMENT, PROCEDURES AND RESULTS IN THE AREA OF ETHICS AND COMBATING CORRUPTION AND BRIBERY AND THE AREA OF COMBATING HUMAN RIGHTS ABUSES

At RAWLPLUG Group, ethical business and profitable business are not mutually exclusive - this can be achieved by integrity in action. RAWLPLUG Group wants to be thought of as partner who can be trusted because its team values integrity. People who are aware that trust must be earned every day. People who understand that RAWLPLUG Group is responsible for how it operates, and that how strong it is will have an impact on its strength in the future. People who consistently pursue RAWLPLUG

Group's sustainable development strategy, which includes the Business Code of Ethics. The code defines the way in which we act, based on rules that are understood by everyone around the world as fair and transparent.

RAWLPLUG Group's Business Code of Ethics clearly and transparently addresses the most important aspects of fair activities: confidentiality and protection of sensitive data, accepting gifts and favours, respecting rules concerning human rights and mutual respect, respect for workplace health and safety, as well as unfair trade and competition law.

The code of ethics is known to every RAWLPLUG Group employee but our clients and suppliers also get to learn about it. On the one hand, RAWLPLUG Group wants everyone to see that it does fair business, on the other - it wants to work with partners who share these values and whose activities are based on integrity. Guided by shared values and operational rules, RAWLPLUG Group is able to provide a consistent, complementary, attractive offering to its customers and at the same time show that ethical behaviour, transparency and fairness are as important as profit is.

The HR director is responsible for monitoring the observance of the Business Code of Ethics at RAWLPLUG Group. The HR director works closely with the Group's key stakeholders, performs cyclical reviews of the Code to ensure that it is up to date and consistent with the organisation's culture and the work methodology adopted at RAWLPLUG Group. Potential Code violations may be reported to the following email address: corporatecomplianceoficer@rawlplug.com. All reports concerning Code violations are anonymous and are analysed and - if necessary - dealt with by the HR director.

In 2021, no confirmed violations of RAWLPLUG Group's Business Code of Ethics were reported.

RAWLPLUG Group

	2021	2020
Violations of the Business Code of Ethics	0	0

18.8. MANAGEMENT, PROCEDURES AND RESULTS IN THE ENVIRONMENTAL AREA

Operating in heavy industry, RAWLPLUG Group is fully aware of its environmental footprint. For this reason, care about ecology is one of the pillars in our sustainable development strategy. RAWLPLUG Group's actions for ecology are based on world-class standards, going above and beyond what is prescribed by law.

The Group operates in compliance with ISO 14001, which it has deployed at its factories in Wrocław and Łańcut.

As part of these activities, it heavily focuses on minimising the impact of its products on the environment, raising awareness of human life and health quality, monitoring and preventing pollutions, as well as continuously raising its employees' competences as regards ecological technologies and the rational management of natural resources.

Energy consumption

- ✓ Its production facilities used 19.55 GWh of electricity in 2021.

RAWLPLUG Group

	2021	2020
User of electricity at production facilities (in GWh)	19,55	24,47

The rate of energy use is decreasing year on year. This is linked to the dynamic development of the sustainability strategy, which seeks to optimise production processes. Improving the technology of the Wrocław plant is the result of replacing machinery with energy-efficient ones and is linked to the selection of appropriate lighting. In 2021, machines were purchased, installed and put into production that have a higher energy efficiency than existing machines. Optimisation of equipment operation has contributed to a 20% reduction in energy consumption compared to 2020.

A trolley charging station has been designed and constructed. The forklift fleet has been replaced with Li-Ion batteries, which are lighter and can store more energy in the same volume. The relocation of silos for the storage of plastics, due to the shorter transfer distance, also contributed to a reduction in the energy consumed for transport.

The plants in Wrocław and Łańcut also generate electricity from photovoltaic panels of 190 kW and approx. 700 kW. As part of further process improvements and the sustainability strategy, further photovoltaic installations are planned.

Reducing demand for raw materials

As producer, RAWLPLUG Group rationalises the use of raw materials. This means that at every stage of the production process and in all areas related to production, RAWLPLUG Group carefully and diligently analyses all available options and always takes into account its impact on the natural environment. This is aided by the fact that the Group has full control over all stages of production. Thanks to this, it is reducing the use of natural resources and harmful substances to a minimum.

In connection with the fact that reducing demand for raw materials is a complicated task and requires constant involvement, RAWLPLUG Group continues to analyse its production processes and is constantly searching for new ways to minimise the use of resources and generation of waste. The Group raises productivity while reducing post-production waste. It applies a quality, environment and workplace health and safety policy. It sets out objectives in these areas and achieves them. All this is intended to minimise its impact on the natural environment and the health of its employees and local communities.

Reduced volume of generated waste

In fulfilling its requirement in accordance with ISO 14001 rules, RAWLPLUG strives to optimise processes and reduce negative impact on the surrounding environment. As a result, new waste management rules were implemented in 2021. New waste storage areas in the production departments have been designated, along with a form of appropriate labelling and a new procedure for waste management on site. Employees from various departments have been trained in waste segregation, which has helped to maintain greater order in production and within the site. The appropriate classification of waste codes has reduced the over-generation of film and mixed plastics.

Five waste balers were purchased in 2021 out of concern for the environment. This environmentally friendly solution has helped to reduce the volume of waste and the number of internal and external transports, leaving a smaller carbon footprint. With the introduction of the change, a smaller mass of packaging waste went to recovery and recycling firms compared to 2020.

18.9. MANAGEMENT, PROCEDURES AND RESULTS IN THE SOCIAL AREA

Social engagement is important to RAWLPLUG Group. This is one of the pillars of our sustainable development strategy, of key importance from the perspective of a responsible international market leader. The Group supports people and communities because it believes that they will develop only in safe and comfortable conditions. We know that investing in people creates energy and hope for the future, and that motivation, wellness and satisfaction are important to every human being, regardless of whether it is an employee, business partner or member of the local community.

RAWLPLUG Group operates throughout the world therefore it does not have one consistent policy addressing its impact on the social surroundings. This gives the Group greater openness and sensitivity to the present needs and expectations of its employees and local communities wherever it is present. It focuses on understanding what is truly important to them, on dialogue thanks to which it learns of their needs, finds out what impacts their sense of security, happiness, what motivates them to act. RAWLPLUG Group actively participates in the life of its close communities, helping and supporting various initiatives that contribute to good well-being and development.

Local communities

The webinar "Oncological Awareness" on cancer prevention was held in mid-May 2021 for employees of the Wrocław headquarters. The webinar was organised by the Fundacja Onkologika and hosted by specialist doctors. Approx. 100 of our employees signed up to participate in the webinar. More than 50 employees decided to get tested for colon cancer, and over a dozen people consulted the images of their skin changes in order to rule out melanoma.

In August 2021, RAWLPLUG S.A. employees took part - in company colours - in the BIKE MARATHON, a public amateur MTB bicycle marathon. The RAWLPLUG S.A. women's team won a medal.

Throughout the year, RAWLPLUG Group supports employees and their families in the development of sporting activities.

RAWLPLUG Group supported the following initiatives in 2021:

- ✓ As part of the "Golden Dragon Clinic" campaign, RAWLPLUG S.A. supported Fundacja Funkomitywa to purchase gifts for children hospitalised in the Lower Silesian Specialist Hospital in Wrocław;
- ✓ Rawlplug S.A. provided support to Fundacja Funkomitywa in purchasing gifts for children hospitalised at the University Clinical Hospital in Wrocław;
- ✓ In July 2021, Koelner Rawlplug IP Sp. o.o. provided financial support to the Provincial Branch of the Association of Voluntary Fire Brigades of the Republic of Poland, Lower Silesia Voivodeship, to organise a "BURNING" seminar on fire protection;
- ✓ For several years Koelner Rawlplug IP Sp. z o.o. has been involved in developing sports achievements of the Wrocław Sports Club for the Deaf "Świt";
- ✓ Koelner Rawlplug IP Sp. z o.o. financially supported palliative therapy for patients in advanced stages of cancer in the Oncological Hospice of the "Pro Salute" Foundation;
- ✓ Rawlplug IP Sp. z o.o. financially supported the Artistic Precursor - on the occasion of Easter, as part of the "Rzeźuchowy Skarb" campaign, children hospitalised at the T. Marciniak Lower Silesia Specialist Hospital received Christmas packages and individual gift sets.

Children and youth

RAWLPLUG Group believes that kids and youth should have equal opportunities for development. This is why it gets involved, with enthusiasm and energy, in making these opportunities equal and improving the general well-being of kids and youth. Helping young people in local communities is a permanent element of the Group's activities. It supports children's hospitals and foundations that fight for equal rights and privileges for all children as well as orphanages. The Group also supports life-saving medical care and gets involved in smaller, uplifting initiatives.

An example of the Group's activities in this area is RAWLPLUG S.A.'s cooperation with Fundacja Funkomitywa, as described in the Local communities subsection, and Koelner Rawlplug IP Sp. z o.o.'s co-financing of educational projects realised in the Wrocław Zoo. Through its subsidiary Rawl Scandinavia AB, RAWLPLUG Group has supported campaigns against violence in schools.

Sports

RAWLPLUG Group believes that one of the key values is cooperation, which results in certain attitudes such as focus on a shared goal, discipline, integrity, mutual support, risk taking and involvement. All of this is reflected in sports, which is why the Group eagerly supports sporting initiatives. But this is not the only reason. Another reason is to emphasise RAWLPLUG Group's care about its employees' health. About them leading a healthy, harmonious lifestyle, feeling well and being happy and relaxed. The Group strives to raise awareness about how physical activity positively affects mood, improves well-being, increases creativity, gives strength to pursue goals, ambitions and dreams, including professional ones. This is why it supports many

sporting initiatives, from amateur races to professional football games. The Group's employees, their families and friends take part in it, and every success is RAWLPLUG Group's success.

Selected financial support provided in 2021 by RAWLPLUG Group companies for sports activities:

- ✓ Koelner Rawlplug IP Sp. z o.o. supported the Wrocław Basketball Club;
- ✓ Koelner Rawlplug IP Sp. z o.o. supported the RAWLPLUG Sokół Łańcut team;
- ✓ Koelner Rawlplug IP Sp. z o.o. supported the Modeco FT team in Proliga competition;
- ✓ Koelner Rawlplug IP Sp. z o.o. supported the Panthers Wrocław team;
- ✓ RAWLPLUG Group, through its overseas subsidiary RAWLPLUG Ltd, supported the Harmony Row Youth Club and the Harmony Row 24-hour football marathon for Cash for Kids;
- ✓ Koelner Hungaria Kft has provided support to a football club in Dunaharaszti.

RAWLPLUG Group

	2021	2020
Expenditures on social engagement activities	PLN 2 248 thousand	PLN 1 477 thousand

18.10. MANAGEMENT, PROCEDURES AND RESULTS IN THE PRODUCT/CLIENT/SUPPLY CHAIN AREA

RAWLPLUG Group operates based on ISO 9001 and IATF 16949 implemented at the production facility in Łańcut. The Group very strongly focuses on the needs, expectations and requirements of its customers, while taking into account the organisation's context. Standardisation and involvement are reflected in the design and delivery of top-quality products and in avoiding errors. The PDCA model (Plan-Do-Check-Act) is intended to improve a set of interlinked processes and drives the Group's development.

Product design and development

RAWLPLUG Group has been an expert in the fixings industry for over a hundred years. It knows how important continuous improvement is, which is why it is focused on innovations throughout every stage of product work. On the one hand, it offers advanced technological solutions, modern products, on the other it provides safety, simplicity of use and reliability, which are so important in the fixings industry. This is why RAWLPLUG Group is constantly investing in facilities that meet international standards and carry out wide-ranging research in compliance with ISO and VDA standards and European guidelines (ETAG and EAD). The research and development division plays a very important role in this process, creating the foundations for product and service development.

Representatives of RAWLPLUG Group's R&D, design and construction and sales teams from around the world meet with industry specialists and actual users of RAWLPLUG Group's products and services. This way they are able to observe how users work with the Group's solutions on a daily basis, note down any suggestions, comments and experiences as well as discuss problems and develop innovative solutions.

This approach to product development at RAWLPLUG Group and multiannual close cooperation with users have given the Group the ability to develop competences and tools that help it to shape the market reality so that the client knows that it can always be counted on for support. This is made possible by:

- ✓ specialised laboratories: mechanics, metallographic, measurement and chemical,
- ✓ specialist NPD (new product development) design procedure,
- ✓ own resources and thus full control over each process in the creation of new products,

- ✓ latest laboratory equipment,
- ✓ fast-tracked prototyping process,
- ✓ precise verification of product behaviours in specific applications and comprehensive mechanical research,
- ✓ flexibility and rapid response to the present needs of existing and potential clients.

RAWLPLUG Group continuously expands its product and service offering. Each new product or service is preceded by in-depth analysis and credible verification of the needs of the customers who receive tailored solutions from the Group.

Production

Production and all related activities are the largest process area at RAWLPLUG Group. It is in the production area that the Group strives to achieve the highest level of sustainability, while improving production efficiency indicators. This is no easy task as numerous factors must be taken into account, including the RAWLPLUG Group team's working conditions, impact of the Group's actions on the natural environment, the expectations and needs of local communities. Only this approach allows production objectives to be achieved in a harmonious and sustainable manner, and the following list of rules that RAWLPLUG Group applies in the area of production processes is a helpful tool for that:

- ✓ care for natural resources, including reductions in water and energy consumption, search for alternative and renewable energy sources,
- ✓ reductions in losses in the production process across all product development stages,
- ✓ support for innovativeness, especially in areas that require improvements in the efficiency of production processes,
- ✓ implementation of new and more efficient technologies,
- ✓ recycling used in as wide a scope as possible in order to optimally and responsibly use natural resources,
- ✓ rationalisation of the use of raw materials and eco-friendly waste management.

RAWLPLUG Group is aware of the key role played by technology and infrastructure in its sustainable development strategy and environmental protection efforts. This is why it strives to ensure that its production facilities reduce the use of resources, limit processes done by hand and become more energy efficient. In other words, operations based on best industry practices. Moreover, the Group applies very rigorous control over all of its production processes thanks to which it can continue developing its supply chain in a competitive and eco-friendly manner.

Product safety

RAWLPLUG Group manufactures fixings, fasteners and tools, which means that it designs and manufactures very complex products, with complex applications. Product safety is managed throughout the life-cycle through a continuous process of identifying potential threats and risk management. Hence, the standards and procedures deployed make it possible to state that RAWLPLUG Group's products can be used safely.

User safety

RAWLPLUG Group places great emphasis on user safety. This is its mission, a commitment that it treats very seriously. It documents the compliance of its products and packaging with existing regulations on an on-going basis. RAWLPLUG Group features a team of experts responsible for preparing product data sheets, and they do it with utmost precision and reliability. Thanks to this, the Group's products are in compliance with the REACH regulation (Registration, Evaluation and Authorisation of Chemicals) as well as GHS regulations (Globally Harmonized System of Classification and Labelling of Chemicals) and CLP regulations (Classification, Labelling and Packaging). RAWLPLUG Group also has domestic and European technical assessments, certificates and declarations of performance. All of this is intended to make sure that users receive innovative, eco-friendly products guaranteeing the safety of use and application.

In 2021, RAWLPLUG Group did not receive any significant penalties for lack of compliance with the law and regulations related to product supply and use.

RAWLPLUG Group

	2021	2020
Number of significant penalties for lack of compliance with the law and regulations related to product supply and use	0	0

Transport safety

RAWLPLUG Group operates globally, which means that it transports its products into many countries around the world via a variety of transport modes: land, sea and air. The Group's key priority is to transport its products in a fully safe manner. The Group complies with requirements imposed through existing regulations, placing emphasis on the transport of hazardous goods. Moreover, it trains its employees on all regulations related to the transport and safety of goods so as to make sure that deliveries are safe for the environment.

Responsible supply chain

RAWLPLUG Group observes management system requirements as regards annual supplier assessments, which are conducted by its production facilities in Wrocław and Łańcut. Subject to assessment are many aspects of cooperation, including the quality of goods, timeliness of deliveries, social and environmental responsibility. 38 suppliers were assessed in 2021.

Moreover, as part of oversight of CPR certificates for RAWLPLUG S.A.'s construction products, Warsaw-based building technique institute ITB audited our suppliers and our production facilities related to production control at:

- ✓ 9 production sites in Asia (China, Vietnam, Taiwan, India),
- ✓ 2 production sites in Europe (Germany, Ukraine),
- ✓ 5 production sites in Poland.

All of the audits were concluded positively. 16 such audits were conducted in 2021.

RAWLPLUG Group

	2021	2020
Number of audits conducted	16	13

19. STATEMENT ON NON-FINANCIAL DATA - RAWLPLUG S.A.

19.1. BUSINESS MODEL AND KEY PERFORMANCE INDICATORS

Manufacturer of fixings, screws and tools

RAWLPLUG S.A. is a manufacturer of fixings, screws and tools, meaning that the Group designs, produces and sells assortment groups such as construction fixings, handtools, power tools. The products manufactured by RAWLPLUG S.A. are used in construction, automotive, energy, road-building, wood industry, machinery, electronic machinery, mining, ship-building, and they guarantee safety and durability.

The Group's offering is based on three complimentary pillars: innovative products that meet the highest global safety standards, specialist services intended to improve the effectiveness of the work of designers, constructors and contractors, modern training within the Rawlplug Academy development program and a unique know-how resource pool. All of this creates a set of benefits thanks to which RAWLPLUG S.A.'s clients receive products they can trust, support they need and unique know-how to increase their expert capabilities.

Brands

Given that RAWLPLUG S.A.'s clients have various profiles, specialisations and operational scales, its portfolio includes four brands: RAWLPLUG, Koelner and Modeco. This is why customers receive truly comprehensive solutions to clients, with optimal parameters, which impact their business decisions.

RAWLPLUG®. A global brand with a market presence since 1919. Part of RAWLPLUG Group since 2005. The RAWLPLUG portfolio consists of products of the highest global class, meeting rigorous safety requirements. Mechanical anchors, bonded anchors, lightweight fixings, lightweight fasteners, thermal insulation facade fasteners, flat roof fasteners, passive fire protection systems, foams and sealants, screws, direct and manual assembly techniques, power tool accessories and top-quality hand tools constitute a comprehensive portfolio for professionals.

KOELNER®. A strong Polish brand acclaimed by clients, who value an attractive quality to price profile the most. Koelner's products include construction fixings and fasteners, from facade and roofing insulation fixings through self-drilling screws to fixings systems for lightweight industrial structures. These are proven and appreciated products, both at the construction site and at home.

MODECO®. The Modeco brand has been specialising in reasonably priced high-quality hand tools and power tools for more than 25 years. Whether the brand's products are used at the construction site, at home or in the garden, experts value them for durability, resistance to mechanical damage and nice design. Modeco includes the following brands: Modeco Expert, i.e. hand tools and power tools for small craft shops and demanding handymen, Modeco Home, which includes handtools for home use.

Companies

RAWLPLUG S.A. sells its products around the world through an extensive network consisting of own companies as well as distributors. Its presence spans more than 70 countries, and the key destinations for the Company's products are Western as well as Central and Eastern European countries, although interest in its products has been increasing in new markets every year, and RAWLPLUG Group is constantly expanding its distribution network.

Research and development	Production	Logistics	Disposal
Technical and Research Centre in Łańcut and Wrocław	Manufacturing facility in Wrocław (RAWLPLUG S.A.) Screw manufacturing plant in Łańcut (Koelner Rawlplug IP Sp. z o.o., Łańcut branch) Factory in Bangkok (Rawlplug Manufacturing (Thailand) Ltd.) Manufacturing facility in Kaliningrad (Koelner Trading KLD LLC - this facility is not included in the consolidated financial statements) Factory in Vietnam (Rawlplug Vietnam Company Limited, not included in the consolidated financial statements)	Warehousing Comprehensive customs services	The Company's own distribution companies and partners on four continents: Europe, Asia, Africa and Australia

Production

RAWLPLUG S.A. The Wrocław-based production company located was formed in 1999 and thanks to major investments in its machinery park it developed quickly and systematically expanded its product assortment. The production division works closely with the research and development division, which features a modern lab and major technological infrastructure. RAWLPLUG S.A. produces a wide array of wallplugs from plastics and bonded anchors, and all of these products are sold globally.

The Company has full control over every manufacturing process. At RAWLPLUG S.A., production is much more than physical manufacturing. This is a complex, systematic and streamlined sequence of numerous specialist tasks that together create a comprehensive, fully controlled process. The Company monitors, examines and continuously improves every stage of the process, from design by a team of engineers and constructors, through prototyping and testing in the research and development division, to production.

19.2. BUSINESS STRATEGY, KEY FINANCIAL AND NON-FINANCIAL RATIOS

Mission and vision

The mission of RAWLPLUG S.A. is aligned with the mission of RAWLPLUG Group and is the key reason for these two entities' existence. RAWLPLUG S.A.'s mission is to deliver the most cutting-edge solutions that can be trusted. This means that it gains trust by providing innovative solutions. RAWLPLUG S.A. focuses on innovations throughout every stage of work on improving what has been done so far and on developing what it is planning to create. The modernity and technological advancement offered by the Company are backed by safety, reliability and simplicity of use. This is why every day - at the Company and its 29 subsidiaries on 4 continents a team of over 1800 employees pursue RAWLPLUG S.A.'s and RAWLPLUG Group's mission: to deliver the latest solutions that you can trust.

	2021	2020
Number of subsidiaries	29	28
Average headcount at RAWLPLUG S.A.	688	563

The vision of RAWLPLUG S.A. is consistent with the vision of RAWLPLUG Group and states: we want to be a global brand of first choice. This means that RAWLPLUG S.A. has ambitions and aspirations for its products to be desired all over the world. This is why the Company focuses on expanding into new markets globally, and its offering does not include just reliable and innovative products but also complementary services and professional training. This comprehensiveness helps the Company and the Group in strengthening their position as the expert in the fixings industry, appreciated for 100 years by even the most demanding clients.

Values

RAWLPLUG S.A. would not be able to pursue its mission and vision without the values that directly stem from the values of RAWLPLUG Group. These are: involvement, efficiency, professionalism, cooperation and a customer-centric attitude. They are at the foundation of our activities. RAWLPLUG S.A. counts on professionalism, i.e. the highest quality of work and expert know-how of all its employees, therefore the Group is investing heavily in development and continues to strengthen its position as expert in the fixings industry. It is also heavily focused on the effects of its work, i.e. effectiveness, and in relations with clients the Company counts on long-term relations and meeting their needs. RAWLPLUG S.A.'s clients feel taken care of at every stage of cooperation thanks to the involvement of the entire team, which provides them with strong support in terms of sales advisory, technical advisory and the transfer of expert knowledge and unique know-how.

Business strategy

RAWLPLUG S.A. operates in a dynamically changing and highly competitive environment. This means that in order to maintain and strengthen its position as expert in the fixings industry, it must set out objectives for itself. The three most important objectives, which are at the foundation of the business strategy of RAWLPLUG S.A. and RAWLPLUG Group, are:

1. Retain innovation dynamics.

In pursuing this objective, the Company focuses on both retaining its product innovation dynamics in order to constantly develop and improve goods that are delivered to customers and on retaining design innovation dynamics, intended to improve the quality of work and increase performance across many areas of operations.

2. Expand sales.

The Company is successively expanding its presence on new markets throughout the world, at the same time strengthening its position on existing markets. This is made possible by the Company's complementary offering of products, specialised services and innovative training.

3. Increase internal performance.

The Company continually optimises and improves every area of its operations. The efficiency of the Company's internal processes directly translates into quality and work effectiveness and in consequence the offering that is delivered to clients.

These three objectives are the pillars of the strategy of both RAWLPLUG S.A. and RAWLPLUG Group, allowing them to focus on what is most important and to courageously look into the future.

RAWLPLUG S.A.'s revenue from sales in 2021 reached PLN 515 272 thousand.

RAWLPLUG S.A.

	2021	2020
RAWLPLUG S.A.'s revenue from sales (in PLN 000s)	515 272	423 094

19.3. IMPORTANT TOPICS RELATED TO SUSTAINABLE DEVELOPMENT AND RESPONSIBLE BUSINESS

Sustainable development at RAWLPLUG S.A., just as in the case of RAWLPLUG Group, results directly from its vision, i.e. being the brand of first choice throughout the world. This is an ambitious goal and a great commitment. To social sensitivity. To generosity. To attentiveness. To engagement. Because a global brand of first choice is a responsible brand. RAWLPLUG S.A. does not want to do business without focusing on what is the most important for us, what gives us potential and perspectives. Employees and clients. Local community. Natural environment. This is the strength of RAWLPLUG S.A. and the entire RAWLPLUG Group.

RAWLPLUG S.A.'s sustainable development is based on three pillars: value-based management, care for the environment and social engagement. They accompany everything the Company does, creating foundations for its responsibility. These pillars were chosen following an analysis of areas important to stakeholders and of importance from the industry's perspective.

Value-based management. RAWLPLUG S.A. manages people, projects, processes, customer relations and its supply chain. This is a great challenge and in order to do it more effectively and efficiently, the Group focuses on the most important values: honesty, respect, loyalty and integrity, because they have the largest impact on the standards, efficiency and discipline of its activities, which constitute a key stimulus in creating new opportunities and chances. This is a common denominator for all activities the aim of which is RAWLPLUG S.A.'s global expansion, which results directly from the Company's vision.

As part of value-based management, RAWLPLUG S.A.:

- ✓ ensures product reliability, showing that it is trustworthy,
- ✓ cares about its clients' expert know-how because it wants them to be proud of working with RAWLPLUG S.A. on their objectives,
- ✓ focuses on innovativeness in creating products and services because its clients' comfort and safety are one of the Company's priorities,
- ✓ acts based on an incontestable ethics code because it wants its actions to be transparent,
- ✓ cares about the development of its employees, about their involvement, because it wants them to be satisfied and loyal,
- ✓ guarantees workplace safety and comfort because it wants employees to feel secure and comfortable,
- ✓ respects and appreciates social and cultural diversity as that leads to more creative work for the entire world.

Care for the environment

This also stems from RAWLPLUG S.A.'s vision and is of great importance. The Company constantly takes action that proves this. It builds awareness of the importance of the environment in our lives. It creates and promotes best practices in respecting our planet. It places emphasis on ecological awareness at every stage of operations.

As part of environmental care, RAWLPLUG S.A.:

- ✓ conducts operations in compliance with an environmental management system and thus is careful and reliable in meeting all norms and standards,
- ✓ complies with legal regulations concerning environmental protection, thus meeting all environmental requirements,
- ✓ focuses on both qualitative and quantitative efficiency and on the quality of its solutions across all actions undertaken for the environment,
- ✓ monitors environmental indicators on an on-going basis and continuously works on improving activities intended to minimise any potential impact on the environment,
- ✓ participates in environmental protection campaigns, both local and global, increasing social awareness amongst its employees, business partners and local communities.

Social engagement

The RAWLPLUG S.A. team is made up of more than 600 people (average employment in 2021 was 688 FTEs). In addition, RAWLPLUG Group's subsidiaries have a workforce of approximately 1 800 people worldwide, and each of these people has relatives, family, friends and acquaintances. All of them are an important community for the Company and the Group, in whose life the Company and the Group want to actively participate and have a positive impact on this life, provide support.

Both the Company and RAWLPLUG Group are not just a business or a workplace. This is about a partnership approach, building the trust of local communities through investments in their development, supporting them in their daily challenges, becoming involved in education and relation building.

As part of their social engagement, the Company and RAWLPLUG Group:

- ✓ supports charitably activities for the local community because it cares about its quality of life, safety and wellness,
- ✓ finances local sporting and cultural events because it wants the local community to pay attention to how important sports and leisure are to every-day life,
- ✓ encourages employees and partners to actively participate in charity campaigns because it knows how important charity is and wants to raise awareness about philanthropic activities.

RAWLPLUG S.A. and RAWLPLUG Group deliberately decided to pursue a sustainability strategy. This is one of the foundations of trust building and an investment for the future. A future in which the Company and the Group combine more than 100 years of know-how and experience with a constant drive towards innovations.

19.4. TAXONOMY

In this report, RAWLPLUG S.A. discloses for the first time information regarding the EU Taxonomy of Environmentally Sustainable Activities. These obligations were introduced by Regulation (EU) 2020/852 of the Parliament and of the Council of 18 June 2020. In the first year of application, in accordance with the content of the Commission Delegated Regulation (EU) 2021/2178, the RAWLPLUG Group discloses the percentage of turnover, capital expenditure and operating expenditure qualifying for the systematics (Taxonomy), without having to verify the Technical Qualification Criteria, i.e. to determine what percentage of these three values is related to environmentally sustainable activities. RAWLPLUG S.A. will regularly review the

legal status and its operations, and it cannot be ruled out that the values of the following indicators will be updated in the future as new legal regulations and their interpretation appear and the indicators are updated.

RAWLPLUG S.A. generates revenues from the production of construction fasteners and power tools.

These activities are not included in the systematics in terms of Annexes I and II of the Delegated Act on Climate (Commission Delegated Regulation (EU) 2021/2139).

Percentage of taxonomy-eligible economic activity in total revenue 0%.

Percentage of taxonomy-non-eligible economic activity in total revenue 100%.

RAWLPLUG S.A. has not identified any capital expenditures related to the implementation of a plan to expand its business activities in line with the taxonomy in paragraph 1.1.2 of Annex I to the Regulation.

Analysis shows that RAWLPLUG S.A. did not incur capital expenditures that would be considered as eligible under the Taxonomy.

RAWLPLUG S.A. has not identified any costs related to the implementation of a plan to expand its business activities in line with the taxonomy in paragraph 1.1.2 of Annex I to the Regulation.

RAWLPLUG S.A. has not identified operating expenses that would be eligible for the Taxonomy.

19.5. RISK MANAGEMENT

RAWLPLUG S.A. analyses risks related to its business, which raises its efficiency. These analyses include both financial risks and risks associated with employees, the environment and corporate governance, whilst in the production facility in Wrocław risks are analysed in every possible area of operations. This risk assessment involves the likelihood of risk, its overall impact on the Company's activities and the level of control that should be ensured. Next, a detailed plan of action is developed for each risk so as to have remedies ready.

INDICATOR

Examples of risk divided into categories:

- ✓ corporate governance: financial penalties, lack of payment of receivables, lack of compliance with the law, reputation damage,
- ✓ human rights: lack of compliance with the law, failure to observe the ethics code,
- ✓ environment: lack of compliance with the law, changes in laws, loss of permits,
- ✓ business ethics: loss of trust of suppliers, delayed deliveries, anti-dumping practices,
- ✓ consumer issues: inspections and penalties, loss of customer trust, delayed deliveries to clients,
- ✓ society development: lack of trust.

19.6. MANAGEMENT, PROCEDURES AND RESULTS IN THE EMPLOYEE AREA

RAWLPLUG S.A. knows its strong suites and at the same time is well aware of the fact that the market is dynamically changing and that in order to keep up with these changes the Company has to constantly monitor and improve its activities in every area of the business. Areas which directly or indirectly have an impact on the qualifications, competences and comfort of its employees are especially important to RAWLPLUG S.A.

At the end of 2021, RAWLPLUG S.A. had 688 employees. This team plays important roles in over a dozen areas, which are of key importance to the Company's activities. Each function and every employee at RAWLPLUG S.A. are equally important and needed. All roles and tasks intertwine and complement one another, creating a complementary structure thanks to which the work of the entire team lets us build and strengthen a leading position on the international market. Regardless of whether it is the head of production facility, R&D director, HR specialist, quality controller, junior engineering consultant, warehouse, packaging or production worker - their work is appreciated and respected. Everyone at RAWLPLUG S.A. has the same goals and the same drive to achieve them.

RAWLPLUG S.A. features a fast-paced work environment and a focus on global expansion and creative development. The Company believes that good is not enough. It has great ambitions to retain and strengthen its position of international expert in the fixings industry. Therefore, every member of the RAWLPLUG S.A. team is expected to be well prepared for work, have excellent time management and quick reaction skills. Clear and plain communication is also of importance. Having wide-ranging specialist knowledge about the Company's products and services is also of key importance. To verify this knowledge, RAWLPLUG S.A. conducts cyclical employee competence evaluations, which offer an opportunity to analyse each employee's individual characteristics and skills that have an impact on individual success and good teamwork. Solutions supporting the development of knowledge, competences and skills are created on the basis of employee evaluation results. An example of such a solution is Rawlplug Academy, an innovative training and development system that provides access to an integrated package of training and tools useful in every-day work in a single place, available online.

Management foundations: Master Plan

Master Plan is one of the largest and most important strategic projects being implemented by RAWLPLUG S.A. It is closely aligned with its sustainability strategy. The Master Plan involves the modernisation of the Wrocław-based production facility, consisting of the introduction of modern technologies and replacement of machines and equipment as well as centralisation of production and production-related divisions around the innovation area, which is composed of R&D and quality teams.

This reorganisation entails structural changes, improvements in the area of technological innovations, modifications of production processes, optimisation of internal logistics and inventory management concerning raw materials and intermediates.

As a result of the Master Plan, the production facility will be divided into four key areas:

- ✓ warehousing of raw materials and intermediates,
- ✓ technological and quality support,
- ✓ technical support,
- ✓ production.

The Master Plan's key objective being pursued by RAWLPLUG S.A. is to optimise logistics processes, automate production processes, centralise competences, improve workplace health and safety, retain workplace ergonomics and raise efficiency.

Management by objectives (MBO)

MBO is an effective tool that mobilises RAWLPLUG S.A.'s team to work creatively and have a pro-active, involved attitude in pursuing shared strategic objectives, which results in strong performance. As part of MBO, the Company conducts regular employee competence evaluations, on the basis of which employees receive monthly, quarterly or annual objectives and their performance based on defined criteria is tied to bonuses. Moreover, RAWLPLUG S.A. believes that financial bonuses are not the only thing that counts. The Company realises that its team's enthusiasm and right attitudes are also driven by other, non-financial factors, therefore it provides numerous benefits to employees, such as healthcare, accident insurance, sporting discounts, vouchers for meals, as well as support for initiatives and creativity, including the Employee Ideas programme. RAWLPLUG S.A. also keeps in mind the personal ambitions of its team and strives to appreciate every-day work by delegating

new development tasks and increasing scopes of responsibility so that employees feel that they have unlimited opportunities for self-fulfilment at RAWLPLUG S.A.

Safety

Safety is a key issue for RAWLPLUG S.A. Due to the specific nature of its industry and its approach to quality and comfort of its entire team. Although RAWLPLUG S.A. has procedures concerning safety, detailed analyses are conducted for previous hazardous situations and prevention plans are developed on this basis, while management communication heavily emphasises safety in every-day operational work. RAWLPLUG S.A. is unable to completely eliminate accidents. It is constantly working on minimising the occurrence of factors that may result in an accident. It is systematically increasing its employees' awareness of workplace safety rules and behaviours. It operates in compliance with the ISO 45001 system, implemented in Wrocław, as well as it monitors workplace health and safety rules and regulations and, if necessary, immediately updates or amends procedures that ensure the safety of all employees at RAWLPLUG S.A.

It is thanks to these standards that in 2021 there were just 11 light accidents the production facility in Wrocław - and no fatal accidents.

RAWLPLUG S.A.

	2021	2020
Fatal accidents	0	0
Light accidents	11	6

19.7. MANAGEMENT, PROCEDURES AND RESULTS IN THE AREA OF ETHICS AND COMBATING CORRUPTION AND BRIBERY AND THE AREA OF COMBATING HUMAN RIGHTS ABUSES

At RAWLPLUG S.A., ethical business and profitable business are not mutually exclusive - this can be achieved by integrity in action. The Company wants to be thought of us as partner who can be trusted because its team values integrity. People who are aware that trust must be earned every day. People who understand that RAWLPLUG S.A. is responsible for how it operates, and that how strong it is will have an impact on its strength in the future. People who consistently pursue RAWLPLUG S.A.'s sustainable development strategy, which includes RAWLPLUG S.A.'s Business Code of Ethics, which defines the ways in which the Company operates, based on rules that are seen as fair and transparent by everyone in the world.

RAWLPLUG Group's Business Code of Ethics clearly and transparently addresses the most important aspects of fair activities: confidentiality and protection of sensitive data, accepting gifts and favours, respecting rules concerning human rights and mutual respect, respect for workplace health and safety, as well as unfair trade and competition law.

All RAWLPLUG S.A. employees know and understand the Business Code of Ethics; the Company's suppliers and customers also receive this document. On the one hand, RAWLPLUG S.A. wants everyone to see that it does fair business, on the other - it wants to work with partners who share these values and whose activities are based on integrity. Guided by shared operational rules and values, RAWLPLUG S.A. can provide its customers with a consistent, attractive and complementary offering, while demonstrating that ethical behaviour, fairness and transparency are equally as important as profit.

The HR director is responsible for monitoring the observance of the Business Code of Ethics at RAWLPLUG S.A. The HR director works closely with the Company's key stakeholders, performs cyclical reviews of the Code to ensure that it is up to date and consistent with the organisation's culture and the work methodology adopted at RAWLPLUG S.A. Reports on potential breaches of the Code may be sent by email to corporatecomplianceofficer@rawlplug.com or by telephone via a dedicated phone number. All reports are anonymous, and they are analysed and - if needed - dealt with by the HR director.

In 2021, no confirmed violations of RAWLPLUG S.A.'s Business Code of Ethics were reported.

RAWLPLUG S.A.

	2021	2020
Violations of the Business Code of Ethics	0	0

19.8. MANAGEMENT, PROCEDURES AND RESULTS IN THE ENVIRONMENTAL AREA

Operating in heavy industry, RAWLPLUG S.A. is fully aware of its environmental footprint. This is why care for ecology is one of the foundations of its sustainable development strategy. RAWLPLUG S.A. bases its efforts for ecology on world-class standards, going beyond what the law requires.

The Company operates in compliance with ISO 14001, which it has deployed at its factory in Wrocław. As part of these activities, it heavily focuses on minimising the impact of its products on the environment, raising awareness of human life and health quality, monitoring and preventing pollutions, as well as continuously raising its employees' competences as regards ecological technologies and the rational management of natural resources, as well as raising awareness in terms of human life and health quality.

Energy consumption

- ✓ Its production facility used **8.24 GWh** of electricity in 2021.

RAWLPLUG S.A.

	2021	2020
User of electricity at production facilities (in GWh)	8.24	8.08

Reducing demand for raw materials

As producer, RAWLPLUG S.A. rationalises the use of raw materials. This means that at every stage of the production process and in all areas related to production, RAWLPLUG S.A. carefully and diligently analyses all available options and always takes into account their impact on the natural environment. This is aided by the fact that the Company has full control over all stages of production. Thanks to this, it reduces the use of natural resources and harmful substances to a minimum.

In connection with the fact that reducing demand for raw materials is a difficult and complicated task, which requires constant involvement, RAWLPLUG S.A. continues to analyse its production processes and constantly searches for new ways to minimise the use of resources and generation of waste. It raises productivity while reducing post-production waste. It applies a quality, environment and workplace health and safety policy. It sets out objectives in these areas and achieves them. All this is intended to minimise its impact on the health of its employees and local communities and on the natural environment.

19.9. MANAGEMENT, PROCEDURES AND RESULTS IN THE SOCIAL AREA

Social engagement is important to the Company and to RAWLPLUG Group. This is one of the pillars of our sustainable development strategy, of key importance from the perspective of a responsible international market leader. The Company and the Group support entire communities and individuals because it believes that they can develop only in safe and comfortable conditions. We know that investing in people creates strength and hope for the future, and that motivation, wellness and satisfaction are important to every human being, regardless of whether this is an employee, business partner or member of the local community.

This gives the Company greater openness and sensitivity to the present needs and expectations of its employees and local communities wherever it operates. It focuses on understanding what is truly important to them, on dialogue thanks to which it learns of their needs, finds out what impacts their sense of happiness, security, what motivates them to act. RAWLPLUG S.A.

actively participates in the life of its close communities, helping and supporting various initiatives that contribute to good well-being and development.

Local communities

The webinar "Oncological Awareness" on cancer prevention was held in mid-May 2021 for employees of the Wrocław headquarters. The webinar was organised by the Fundacja Onkologika and hosted by specialist doctors. Approx. 100 of our employees signed up to participate in the webinar. More than 50 employees decided to get tested for colon cancer, and over a dozen people consulted the images of their skin changes in order to rule out melanoma.

In August 2021, RAWLPLUG S.A. employees took part - in company colours - in the BIKE MARATHON, a public amateur MTB bicycle marathon. The RAWLPLUG S.A. women's team won a medal.

Throughout the year, RAWLPLUG S.A. supports employees and their families in the development of sporting activities.

Sports

At RAWLPLUG S.A., cooperation is one of the key values because it leads to certain attitudes such as discipline, focus on shared goals, mutual support, integrity, engagement and risk taking. All of this is reflected in sports, which is why the Company eagerly supports sporting initiatives. Another reason is to emphasise the Company's and RAWLPLUG Group's care about its employees' health. About them leading a healthy, harmonious lifestyle, feeling well - physically and mentally - and being happy and relaxed. The Company strives to raise awareness about how physical activity positively affects mood, improves well-being, increases creativity, gives strength to pursue goals, ambitions and dreams, including professional and private ones. This is why the Company and RAWLPLUG Group support many sporting initiatives, from amateur races to professional football games. Company and Group employees, their families and their friends participate, and every success is a shared success.

Expenditures on social engagement are incurred largely not at central level by RAWLPLUG S.A. but locally by subsidiaries in Poland and abroad, to the benefit of their local communities. In 2021, RAWLPLUG Group spent PLN 267 thousand on social engagement activities.

RAWLPLUG S.A.

	2021	2020
Expenditures on social engagement activities	PLN 71 thousand	PLN 296 thousand

19.10. MANAGEMENT, PROCEDURES AND RESULTS IN THE PRODUCT/CLIENT/SUPPLY CHAIN AREA

The Company is heavily focusing on the requirements, expectations and needs of its clients as well as the team's involvement in the design and delivery of the highest-quality products, preventing errors and continuously improving in all areas of its operations.

Product design and development

RAWLPLUG S.A. has been an expert in the fixings industry for a hundred years. We know how important continuous improvement is, which is why we focused on innovations throughout every stage of product work. On the one hand, we offer modern and technologically advanced products, on the other it provides safety, simplicity of use and reliability, which are so important in the fixings industry. This is why RAWLPLUG S.A. is constantly investing in facilities that meet international standards and carry out wide-ranging research in compliance with ISO and VDA standards and European guidelines (ETAG and EAD). A very important role in this process is played by the R&D division, which creates the basis for product and service development.

RAWLPLUG S.A. representatives of R&D, design and construction and sales teams from around the world meet with industry specialists and actual users of RAWLPLUG Group's products and services. This way they are able to observe how users work

with the Company's solutions on a daily basis, note down any suggestions, comments and experiences as well as discuss problems and develop innovative solutions.

This approach to product development at RAWLPLUG S.A. and multi-annual close cooperation with users have given the Company the ability to develop competences and tools that help it to shape the market reality so that the client knows that it can always be counted on for support. This is made possible by:

- ✓ specialised laboratories: mechanics, metallographic, measurement and chemical,
- ✓ specialist NPD (new product development) design procedure,
- ✓ own resources and thus full control over each process in the creation of new products,
- ✓ latest laboratory equipment,
- ✓ fast-tracked prototyping process,
- ✓ precise verification of product behaviours in specific applications and comprehensive mechanical research,
- ✓ flexibility and rapid response to the present needs of existing and potential clients.

RAWLPLUG's product and service offering is constantly expanding. Each new product or service is preceded by in-depth analysis and credible verification of the needs of the customers who receive tailored solutions from the Company.

Production

Production and all related activities are the largest process area at RAWLPLUG S.A. It is in the production area that the Company strives to achieve the highest level of sustainability, while improving production efficiency indicators. This is no easy task as numerous factors must be taken into account, including the RAWLPLUG S.A. team's working conditions, impact of the Company's actions on the natural environment, the expectations and needs of local communities. Only this approach allows production objectives to be achieved in a harmonious and sustainable manner, and the following list of rules that RAWLPLUG S.A. applies in the area of production processes is a helpful tool for that:

- ✓ care for natural resources, including reductions in water and energy consumption, search for alternative and renewable energy sources,
- ✓ reductions in losses in the production process across all product development stages,
- ✓ support for innovativeness, especially in areas that require improvements in the efficiency of production processes,
- ✓ implementation of new and more efficient technologies,
- ✓ recycling used in as wide a scope as possible in order to optimally and responsibly use natural resources,
- ✓ implementation of an environmental management system in compliance with ISO standards in Wrocław,
- ✓ rationalisation of the use of raw materials and eco-friendly waste management.

RAWLPLUG S.A. is aware of the key role played by technology and infrastructure in its sustainable development strategy and environmental protection efforts. This is why it strives to ensure that its production facility reduces the use of resources, limits processes done by hand and becomes more energy efficient. In other words, operations based on best industry practices. Moreover, the Company applies very rigorous control over all of its production processes thanks to which it can continue developing its supply chain in a competitive and eco-friendly manner.

Product safety

RAWLPLUG S.A. manufactures fixings, fasteners and tools, which means that it designs and manufactures very complex products, with complex applications. Product safety is managed throughout the life-cycle through a continuous process of

identifying potential threats and risk management. Hence, the standards and procedures deployed make it possible to state that RAWLPLUG Group's products can be used safely.

User safety

RAWLPLUG S.A. places great emphasis on user safety. This is its mission, a commitment that it treats very seriously. It documents the compliance of its products and packaging with existing regulations on an on-going basis. RAWLPLUG S.A. features a team of experts responsible for preparing product data sheets, and they do it with utmost precision and reliability. Thanks to this, the Company's products are in compliance with the REACH regulation (Registration, Evaluation and Authorisation of Chemicals) as well as GHS regulations (Globally Harmonized System of Classification and Labelling of Chemicals) and CLP regulations (Classification, Labelling and Packaging). RAWLPLUG S.A. also has domestic and European technical assessments, certificates and declarations of performance. All of this is intended to make sure that users receive innovative, eco-friendly products guaranteeing the safety of use and application.

In 2021, RAWLPLUG S.A. did not receive any significant penalties for lack of compliance with the law and regulations related to product supply and use.

RAWLPLUG S.A.

	2021	2020
Number of significant penalties for lack of compliance with the law and regulations related to product supply and use	0	0

Transport safety

RAWLPLUG S.A. operates globally, which means that it transports its products into many countries around the world. This requires the use of many forms of transport: by land, sea and air. The Company's key priority is to transport its products in a fully safe manner. The Group complies with requirements imposed through existing regulations, placing emphasis on the transport of hazardous goods. Moreover, RAWLPLUG S.A. trains its employees on all regulations related to the transport and safety of goods so as to make sure that deliveries are safe for the environment.

Responsible supply chain

RAWLPLUG S.A. observes management system requirements as regards annual supplier assessments, which are conducted by its production facility in Wrocław. Subject to assessment are many aspects of cooperation, including the quality of goods, timeliness of deliveries, social and environmental responsibility. 38 suppliers were assessed in 2021.

Moreover, as part of oversight of CPR certificates for RAWLPLUG S.A.'s construction products, Warsaw-based building technique institute ITB audited our suppliers and our production facilities related to production control at:

- ✓ 9 production sites in Asia (China, Vietnam, Taiwan, India),
- ✓ 2 production sites in Europe (Germany, Ukraine),
- ✓ 5 production sites in Poland.

All of the audits were concluded positively. 16 such audits were conducted in 2021.

RAWLPLUG S.A.

	2021	2020
Number of audits conducted	16	13

20. MANAGEMENT BOARD STATEMENT AND INFORMATION

20.1. MANAGEMENT BOARD STATEMENT

According to the Management Board's best knowledge, RAWLPLUG Group's consolidated financial statements for 2021 and RAWLPLUG S.A.'s separate financial statements for 2021, along with comparative data, are prepared in accordance with the binding accounting principles and they reflect the asset position and financial situation of RAWLPLUG Group and RAWLPLUG S.A. in a correct, reliable and clear manner, and the report on RAWLPLUG Group's and RAWLPLUG S.A.'s operations contains a true depiction of RAWLPLUG Group's and RAWLPLUG S.A.'s development, achievements and present situation, including a description of major threats and risks.

20.2. MANAGEMENT BOARD INFORMATION PREPARED PURSUANT TO SUPERVISORY BOARD STATEMENT ON SELECTION OF AUDIT FIRM

Pursuant to a statement by the Supervisory Board of RAWLPLUG S.A. on selection of audit firm to audit annual financial statements in accordance with the laws, including laws concerning audit firm selection and selection procedure, the Management Board of RAWLPLUG S.A. notes as follows:

- ✓ the audit firm and members of the team performing the audit met the conditions to issue impartial and independent reports on audit of annual financial statements (separate and consolidated) in accordance with the existing laws, professional standards and professional ethics rules,
- ✓ the existing regulations concerning audit firm and lead statutory auditor rotation and mandatory grace periods are being observed,
- ✓ RAWLPLUG S.A. has a policy for selecting audit firms and a policy for provision by audit firm, its related parties or members of its network of non-audit services, including services that are conditionally exempted from the prohibition.

Radosław Koelner - President of the Management Board

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Marek Mokot - Vice-President of the Management Board

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Piotr Kopydłowski - Member of the Management Board responsible for finance

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Wrocław, 24 March 2022



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