Annual General Meeting 2021

Meeting minutes

1. Introduction

Mr. Mark Robertshaw (Chairman) opens Inpost S.A.'s (Inpost or the Company) Annual General Meeting of Shareholders (AGM) and welcomes the attendees to the first AGM of the Company. During the meeting, the pro forma results of the Integer.pl group of companies for the financial year 2020 will be discussed. As the Company was incorporated in November 2020 with a book year until 31 December 2021, the AGM will not be asked to adopt the annual accounts 2020 of the Company.

Nevertheless, it was decided to hold this AGM, as it would be a good opportunity for our shareholders to be introduced to the members of the Management Board and the Supervisory Board. Furthermore, this meeting will allow the Company to get into the rhythm of Annual General Meetings and to get to know its shareholders.

Given the current Corona situation, InPost has decided to hold its Annual General Meeting without a physical presence (as permitted by Luxembourg law). The shareholders have been asked to vote electronically in advance of the meeting.

An announcement posted on the website of the Company on 19 April 2021 provided for details of this meeting and the required documents have been made available for inspection. Moreover, the meeting has been announced in the Luxembourg Official Gazette and in the Recueil Electronqiue des Sociétés et Associations. Therefore, all legal requirements to call this AGM have been met and the meeting is authorized to take decisions with respect to the issues stated in the agenda.

As at the date of this meeting, 500,000,000 shares, with a nominal value of EUR 0,01 each, are outstanding in the share capital of the Company. According to the registration list 438.351.961 shares in turn representing 438.351.961 votes, are represented at this meeting. This means that we have 87.67% of the share capital present or represented.

Shareholders have had the opportunity to ask questions in advance of the meeting. The answers to these questions have been published on our website (www.inpost.eu) and will be included in these minutes as an Annex. During the meeting, shareholders will have the opportunity to ask follow on questions and make additional remarks, provided that they are relevant to the subject under discussion.

The Chairman continues to introduce the members of the Company's Management Board: Mr. Rafal Brzoska and Mr. Adam Aleksandrowicz. Mr. Rafal Brzoska founded Integer.pl 22 years ago in 1999. Mr. Brzoska is chair of the Management Board and CEO of the Company. Mr. Adam Aleksandrowicz joined Integer.pl in 2017 and has a broad experience in senior finance roles of large international companies. Mr. Aleksandrowicz is a member of the Management Board and CFO of the Company.

The Chairman also welcomes and introduces the members of the Company's Supervisory Board who all became members of the Supervisory Board of the Company in January 2021. Mr. Ralf Huep joined the Supervisory Board of Integer.pl in 2017 and is a former senior managing partner of Advent with a vast experience of creating value with a broad array of international businesses. Ralf retired from Advent in 2019 and is therefore an independent director of the Supervisory Board. Mr. Nick Rose is partner at Advent and has been a member of the supervisory board of Integer.pl since 2017. Mr. Rose is chair of the Selection, Appointment and Remuneration Committee and is a member of the Audit Committee. Mr. Rose has extensive experience of business services and logistics companies. Mr. Mike Roth has been a member of the supervisory board of Integer since 2020. He held numerous senior positions in a 20-year career at Amazon including deep experience in leadership roles in their logistics and fulfilment operations. Mr. Roth is a member of the Selection, Appointment and Remuneration Committee. Mrs. Marieke Bax joined the Company in 2021 as a member of the Supervisory Board. Mrs. Bax is chair of the Audit Committee. Mrs. Bax has significant experience in both executive and non-executive roles for international companies and serving on public companies' boards both in Audit Committee and Remuneration Committee chair roles. Mr. Ranjan Sen is a managing partner at Advent and joined the Company in 2021 as a member of the Supervisory Board. Mr. Sen brings a wealth of experience across multiple geographies and industries. Mark Robertshaw joined the supervisory board of Integer.pl in 2017 and became a member and chair of the Supervisory Board of the Company in 2021. He has more than 30 years' experience in public and private companies, both in executive and non-executive roles. He is a member of the Audit Committee and the Selection, Appointment and Remuneration Committee. Also present is Mrs. Cristina Berta Jones, who is nominated for appointment as member of the Supervisory Board by this meeting, and will be introduced later.

InPost's Company Secretary, Mrs. Eliane Koelmans is present to take the minutes of the meeting, for which purpose this meeting will also be recorded. Furthermore, Mrs. Dominika Pietkun, the outside legal counsel of the Integer.pl group of companies is present to act as scrutineer.

2. Presentation by the Management Board of the pro forma financial year annual results of the Integer.pl group of companies as of 31 December 2020 and dated 19 April 2021

The members of the Management Board, Mr. Rafal Brzoska and Mr. Adam Aleksandrowicz present the pro forma financial year annual results of the Integer.pl group of companies as of 31 December 2020. The presentations have been made available on the website of the Company.

3. Appointment of Cristina Berta Jones as new member of the Supervisory Board (voting item)

The Supervisory Board has nominated Cristina Berta Jones for appointment as a new member of the Supervisory Board. The proposal is to appoint Ms. Berta Jones for a period of 4 years ending at the end of the annual general meeting of shareholders to be held in 2025.

Ms. Berta Jones currently serves as member of the leadership team of Picnic, an online grocery company based in the Netherlands. From 2005 to 2011, Ms. Berta Jones worked at Nokia, where she held various sales and corporate development roles. From 2011 to 2018, Ms. Berta Jones held a number of senior roles at Naspers, a global consumer internet company and one of the largest technology investors in the world. From 2015 to 2018, Mr. Berta Jones served as Chief Operating Officer of Naspers' B2C E-Commerce operations. The Supervisory Board has nominated Ms. Berta Jones for appointment based on her proven expertise and directly relevant experience across both the technology and e-commerce sectors.

With the proposed nomination, Inpost's Supervisory Board will comprise 7 members. Subject to her appointment, Ms. Berta Jones will also be appointed as member of the Inpost Selection, Appointment and Remuneration Committee.

Mrs. Dominika Pietkun, confirms that based on the votes that have been cast prior to the meeting and the issued proxies, that the General Meeting of Shareholders has approved the appointment with immediate effect of Cristina Berta Jones as member of the Supervisory Board for a period of 4 years ending at the annual general meeting of shareholders to be held in 2025. The Chairman congratulates Cristina Berta Jones with her appointment.

4. Closing

The meeting continues with some follow up questions which were asked during the meeting. The questions and answers are also included in Annex 1 to these minutes. After this, the Chairman closes the meeting and thanks all of participants for joining the Company's first AGM and expresses the hope to hold the next meeting with physical, rather than virtual participation.

AGM 2021 Inpost Q&A	
Q1	**InPost indicated that the acquisition of Mondial Relay will be immediately accretive to earnings and cash flow. When does InPost expect the transaction to be value accretive (i.e. ROIC > WACC)?**
A1	We were delighted to announce the proposed acquisition of Mondial Relay, which provides multiple levers to create shareholder value. The proposed acquisition would transform our international growth strategy and is a major step to fulfil our ambition of becoming Europe's leading out-of-home automated solution for e-commerce. In FY 2020, Mondial Relay generated adjusted EBITDA of EUR 60 million with healthy cash conversion. As previously communicated, we have identified approximately EUR 100-150 million of incremental EBITDA enhancements over the medium term driven by commercial enhancements, network design and operational improvements Hence, we are confident that the expected value accretion from the proposed acquisition is going to become increasingly visible over the short and medium-term.
Q2	**The Mondial Relay acquisition is financed with a 12 months bridge facility (with an extension option for an additional 12 months). Why didn't InPost opt for a permanent solution?**
A2	We view the decision to finance the proposed acquisition with a committed 12-month bridge facility as a short-term measure, which we plan to ultimately replace through longer-term debt facilities. On 11 May 2021, we announced the establishment of a Polish bond program of up to PLN 1 billion with a tenor of 6 years to partially refinance the bridge facility.
Q3	**What are the terms of this financing arrangement, i.e. financial covenants, interest rate, interest margin (in case of a margin grid) and covenant testing moments?**
A3	The specific terms of the bridge facility have not been disclosed but are subject to certain conditions that are customary for this type of instrument. As we announced on May 11, 2021, we have established a Polish bond program of up to PLN 1 billion. The Bonds issued under the Programme may bear a floating or fixed interested rate with a maturity of up to 6 years. The final parameters of each series of Bonds will be determined in the book building process, subject to markets conditions and required corporate approvals.
Q4	**We assume courier providers such as DPD, UPS or DHL deliver to Mondial Relay PUDO points. What share of Mondial Relay's revenues relies on deliveries by these parties? Does InPost believe these competitors will continue to deliver to Mondial Relay PUDO points?**

A4	Mondial Relay does not generate any revenue from rendering services to any of its direct last mile competitors.
Q5	**The e-commerce business in general is characterized by cost advantages being passed on to the end consumer. Why does InPost believe it will succeed in avoiding margin erosion?**
A5	At a high level, we have historically been able to reduce our cost in excess of the average price reductions we have experienced. This has ultimately enabled us to expand our margins. More broadly, we have re-defined the last mile delivery experience with an agnostic consumer-centric offering. The combination of our scale, investments in technology and continuous focus on innovation, with our unrivalled convenience and speed of delivery, has created a best-in-class consumer experience and e-commerce ecosystem. This “flywheel” effect drives our financial performance, allowing us to achieve lower unit costs. These costs savings enable us to further roll out the APM network and invest in technology to enhance our offering. This, in turn, results in greater convenience for both consumers and merchants. The flywheel therefore creates a virtuous cycle. In a market where first mover advantage is key, we believe we have established significant barriers to entry. Looking ahead, we are accelerating the pace of our investments and remain focused on capturing the significant long-term growth opportunity ahead of us and delivering on our medium-term commitments, which include adjusted EBITDA margin expansion in all our regions
Q6	**Allegro is the company’s largest customer (in total approximately 47 percent of revenue as per FY2020). Larger merchants are able to negotiate lower prices with InPost. How will InPost strike a balance between volume and pricing?**
A7	We are very proud of the ecosystem we have created and the compelling value proposition we offer consumers, merchants and landlords. The combination of our scale, investments in technology and continuous focus on innovation, with our unrivalled convenience and speed of delivery, has created a best-in-class consumer experience. For merchants, our offering is typically 20-25% cheaper than alternative to-door delivery services. Our financial model and ongoing productivity enhancements provides with unique unit economics that supports our value proposition. Historically, we have been able to increase the share of sales for larger and strategic customers, most notably Allegro. Although these large merchants typically enjoy lower-than-average pricing, we have managed to improve our profitability due to the characteristics of our operating model. Moreover, as we disclosed in our IPO prospectus, we have a 7-year contract with Allegro until 2027, during which pricing will increase with minimum volume commitments.

Q7	**InPost acknowledges the risk of increasing competition, for example coming from merchants or logistic players that start rolling out APMs themselves. Why would the necessary investments in logistics and technology, as cited by InPost, be an obstacle for such financially strong parties?**
A7	First of all, we have always believed that a number of operators can co-exist in Poland given the attractive growth opportunity and the success we have achieved. That said, we are very proud of the ecosystem we have created and the compelling value proposition we offer consumers, merchants and landlords. This is very hard for anyone else to replicate and is about so much more than just deploying machines. While investments in logistics are not unique, it is the combination of our consumer centric offering, with its unrivalled convenience, speed of delivery and continually improving user experience that underscore our leadership position. With more than 6.5 million active users, the InPost mobile app has quickly become the most downloaded mobile application in Poland, driving user engagement and brand loyalty. By leveraging the unique insights and data we have gained, this also provides multiple opportunities to further differentiate and extend our leadership position Overall, we are very confident in our position and are accelerating investments to further strengthen our ecosystem.
Q8	**InPost relies on lease contracts for its APM locations. Given the fact that the company realizes substantial ROICs on APM locations, how does InPost mitigate the risk that landlords will demand higher rents when contracts are renegotiated?**
A8	Part of our strategy is to secure the most attractive locations for our APMs, which provides a significant competitive advantage. We believe that our leading market position and agnostic offering are highly attractive for our landlords. While there is a risk that landlords may terminate existing leases or seek to change the terms when contracts end, the value we offer them in terms of continual and repeat foot fall, or being strategically agnostic, far outweighs this. We increasingly find that landlords want to work with us on a pan-European basis, which we expect to support our international growth strategy.
Q9	**External parcel delivery services make up the largest part of InPost's operational costs. Does InPost expect these costs (as % of revenue) to decrease further over time? Why wouldn't InPost's courier partners demand higher prices?**

A9	We expect to continue to expand our adjusted EBITDA margin through the combination of targeted gross margin expansion and operating cost leverage. We offer a highly attractive opportunity for our courier partners, given our scale and leading market position. Over the medium term, we expect that salary inflation will be an important driver of operating costs for InPost and its competitors across the whole market. Given our scale and the ongoing productivity improvement potential embedded in our operating model, we expect will be able to offset these potential cost pressures
Q10	**The e-Grocery segment is considered a growth opportunity. Could InPost elaborate on the experiences in this segment to date, the price points compared to traditional parcels as well as anticipated capex for the near term?**
A10	We see a significant opportunity for growth in the e-Grocery segment. The Polish e-Grocery market is accelerating but remains largely underpenetrated compared to other European markets. e-Grocery penetration in 2019 was 1.9%, compared to 6.9% in the United Kingdom and 5.4% in France. Further acceleration is expected due to COVID-19. We are already active in the home delivery e-Grocery segment and are currently working on an e-Grocery pilot with a dedicated application that also allows home delivery or office address. The consumer will be able to choose the desired service level: one-hour delivery, same day delivery or next day delivery. We have more than 50 refrigerated locker machines "RLM" in Krakow and Warsaw to facilitate e-Grocery delivery to machines as well as offering catering delivery services with door to door deliveries being tested. It is too early to provide specific metrics or targets for our e-grocery offering as it is currently a pilot scheme but look forward to be able to provide more details as our offering develops and we consider the broader commercial launch of the offering.
AQ1	**Last week you announced a 1 bn bond issuance to partially finance the Mondial Relay acquisition. This corresponds to approximately 40 percent of the takeover price. Do you consider an equity issuance still an option to refinance the remainder of the bridge facility?**
AA1	It is our intention, as also communicated when the Mondial Relay transaction was announced, to fully finance the acquisition with debt and this is still our intention. Moreover, it is our intention to fully refinance the bridge. In addition to the PLN bond program, we have also announced a EURO-denominated bond offering. The combination of the two bond offerings are expected to fully replace the bridge facility. We do not intend to issue equity to finance the transaction Please go to https://www.inpost.eu/investors/debt-investors for more information.
AQ2	**InPost mentions (pp. 17 MR press release) it maintains the financial flexibility to fund opportunistic value enhancing M&A. Could you comment on this, as your leverage appears already at a relatively high level after the MR acquisition. Where do you see this 'flexibility'?**

AA2	This was communicated in relation to our mid-term strategy, once we have deleveraged our balance sheet post-closing of the Mondial Relay acquisition. Pro forma for the transaction net leverage will be approximately 3.3x with InPost aiming to deleverage towards c.2.0- 2.5x within 18-24 months post-closing on the back of strong cash flow generation and EBITDA growth. We believe we will then have greater flexibility regarding our capital allocation strategy
AQ3	**Could you comment on Mondial Relay's track record, in terms of revenue development, operating EBITDA, parcel volumes over the financial years 2017, 2018 and 2019?**
AA3	We have not disclosed this specific information, but you will find certain financial metrics in the "Information in connection with launch of Euro-Denominated Senior Notes Offering" document in our Investor Relations website https://www.inpost.eu/sites/cffcom-ir/files/investors/announcements/information-in-connection-with-launch-of-euro-denominated-senior-notes-offering_0.pdf
AQ4	**In your annual report, InPost mentions personalized pricing as a new development. Could you comment on this initiative please?**
AA4	Given our unique consumer value proposition and ability to utilise data to further enhance the last mile delivery experience, we believe there exists the ability to tailor when parcels are made available for pick-up, based on locker availability and the time of the day/week, with the ability to modify our pricing accordingly.
AQ5	**A question regarding the remuneration policy. It contains a somewhat unusual feature. As it appears, the at target grant level of the LTI is determined by both the annual base salary as well as the STI. Normally, only base salary is used as a basis for the LTI award. - What were the Supervisory Board's considerations for taking base salary plus STI as the basis for the LTI award? - Could you share the applicable STI targets for 2021 as well as the LTI targets?**
AA5	The considerations are that it is our objective to link executive pay explicitly to performance both in terms of the annual bonus and the long-term incentives as we feel that this best aligns management with shareholders. Having benchmarked the Management Board salaries, we have very consciously chosen to set fixed pay (salary) in the bottom quartile of quoted peers and then balance this with greater upside in variable compensation linked into clear, measurable and stretching targets. We do not intend to disclose bonus targets as we consider these data commercially and price sensitive.