

## Report of the Supervisory Board of ACTION S.A.

### on the results of the assessment of the report of the Management Board on the operation of the Company and the Capital Group, the financial statements of the Company and the Capital Group, the Management Board's proposal for the distribution of profit, the assessment of the situation of the Company and the Capital Group, and the activities of the Supervisory Board for the financial year 2024

The Supervisory Board of ACTION S.A. with its registered office in Zamienie conducted:

- assessed the report of the Management Board on the operations of the Capital Group of ACTION S.A. for the financial year 2024, the financial statements of the Company for the financial year 2024, and the consolidated financial statements of the ACTION S.A. Capital Group for the financial year 2024, in terms of their compliance with the books and documents as well as with the actual state of affairs, and the Management Board's proposal regarding the distribution of profit earned by the Company for the financial year 2024, pursuant to Article 382 § 3 points 1 and 2 of the Commercial Companies Code;
- the assessment of the Company's situation and the activities of the Supervisory Board, taking into account the requirements of Article 382 § 3<sup>1</sup> of the Commercial Companies Code and Rule No. 2.11. 'Code of Best Practice for WSE Listed Companies 2021', from which this written report for the past financial year is prepared, pursuant to Article 382 § 3(3) of the Polish Code of Commercial Companies.

#### I. THE MANAGEMENT BOARD'S REPORT ON THE OPERATIONS OF ACTION S.A. AND THE ACTION S.A CAPITAL GROUP

The Management Board of the Company drew up a Report on the operations of ACTION S.A. and the Capital Group for the period from 1 January 2024 to 31 December 2024 (including a combined report on the operations of the Company and the Capital Group), in which it indicated:

General information on the Company and the entities of the ACTION S.A. Capital Group, own brands, internet portals. The roles of the individual Group members in the business were also highlighted, taking into account their specific characteristics, sales channels, supply chains and markets. The main products and services in the commercial offer, as well as the structure of the revenues achieved by the Company and the Capital Group, were indicated.

Basic economic and financial parameters in 2024 (with comparative data for 2023), presenting in particular the following data for the Company (in thousands of PLN):

	period from 01 January 2024 to 31 December 2024	period from 01 January 2023 to 31 December 2023
I. Net revenue from sales of products, goods and materials	2,508,644	2,497,547
II. Gross profit/loss on sales	205,099	215,769
III. Profit/loss on operating activities	45,502	44,357
IV. Net profit/loss attributable to the Company's shareholders	41,308	37,717
V. Weighted average number of shares (in units)	17,612,956	19,549,055
VI. Profit/loss per ordinary share (in PLN/EUR)	2.35	1.93
VII. Net cash flow from operating activities	38,152	67,518
VIII. Net cash flow from investment activities	11,636	- 14,412
IX. Net cash flow from financial activities	-78,814	-33,119
X. Net increases (decreases) in cash	-29,026	19,987
	as at 31 December 2024	as at 31 December 2023
XI. Total assets	651,914	685,311
XII. Liabilities	240,634	236,492
XIII. Long-term liabilities	51,528	64,366

XIV. Short-term liabilities	189,106	172,126
XV. Equity attributable to the Company's shareholders	411,280	448,819
XVI. Share capital	1,654	1,874
XVII. Weighted average number of shares (in units)	17,612,956	19,549,055
XVIII. Book value per share	23.35	22.96

and consolidated data, i.e. for the ACTION S.A. Capital Group. (also in thousand PLN):

	period from 01 January 2024 to 31 December 2024	period from 01 January 2023 to 31 December 2023
I. Net revenue from sales of products, goods and materials	2,534,056	2,510,437
II. Gross profit/loss on sales	215,553	220,889
III. Profit/loss on operating activities	46,328	44,069
IV. Net profit/loss attributable to the Company's shareholders	41,169	36,768
V. Weighted average number of shares (in units)	17,612,956	19,549,055
VI. Profit/loss per ordinary share (in PLN/EUR)	2.34	1.88
VII. Net cash flow from operating activities	40,109	69,081
VIII. Net cash flow from investment activities	11,494	-15,136
IX. Net cash flow from financial activities	-79,220	-34,386
X. Net increases (decreases) in cash	-27,617	-19,559
	as at 31 December 2024	as at 31 December 2023
XI. Total assets	653,630	687,929
XII. Liabilities	242,353	239,722
XIII. Long-term liabilities	51,743	64,653
XIV. Short-term liabilities	190,610	175,069
XV. Equity attributable to the Company's shareholders	410,360	447,876
XVI. Share capital	1,654	1,874
XVII. Weighted average number of shares (in units)	17,612,956	19,549,055
XVIII. Book value per share (in PLN/EUR)	23.30	22.91

The Management Board also indicated the basic assumptions of ACTION S.A.'s strategy for the coming years, which involves building a strong trading company based on two pillars: the B2B segment (aimed at business partners) and B2C (marketplace platforms and online shops with the assumption of diversity of the offer along with the development of new industries). Due to the excellent opportunities presented by the development of digitalisation and artificial intelligence, in the coming years ACTION S.A. anticipates greater investment in technology and process automation in order to generate satisfactory results in a competitive business environment.

In the Management Board's opinion, the main factors influencing development are:

- in relation to internal factors:

- Include the ongoing handling of arrangement payments as an essential element in the Issuer's liquidity management.
- Strict control of the effectiveness of managing the current assets, in particular inventories.
- Ongoing analysis and control of:
  - profitability of transactions and markets served with a clear focus on the market of small customers and the retail market, in particular e-commerce in Poland and abroad;
  - risks connected with the Company's operations and undertaking measures aimed at their limitation or elimination.
  - the cost and operational efficiency of the business;
  - the efficiency of logistics processes.

- Continuous supervision of the development of the Sferis.pl, Krakvet.pl, Bron.pl, pomocedlaseniora.pl and 1.pl platforms.
- Actively seeking out new opportunities to develop your own e-commerce.
- Activities related to active participation in the electromobility market.

- With regard to external factors, attention was paid to the macroeconomic situation (level of economic growth in 2024, private and public consumption and investment), as well as the ongoing war in Ukraine.

In its report on operations, the Management Board also presented:

- events of an unusual nature affecting the operations and financial statements (including acquisitions made in 2024 and the ongoing share buyback and redemption programme),
- exposure to key risk factors,
- information on significant agreements,
- Capital Group structure,
- information on transactions between related parties,
- information on borrowing and loan agreements entered into and terminated
- information on loans granted during the financial year, including those granted to related parties of the Company,
- information on sureties and guarantees granted and received during the financial year,
- information on issue proceeds,
- information explaining the differences between the financial results disclosed in the annual report and the previously published profit forecasts for the year,
- assessment of the management of financial resources, including the following data for the Company and the Capital Group:

#### Margin indicators:

ACTION S.A.				
indicator	methodology	2024	2023	change y/y [%]
gross margin	(revenue from the sale of goods and materials – cost of goods and materials sold) / revenue from sales of goods and materials	8.18%	8.64%	-0.46
EBITDA margin	(operating profit + depreciation) / revenue from sales of goods and materials	2.17%	2.13%	0.04
Gross profit margin	Gross profit / revenue from sales of goods and materials	2.00%	1.88%	0.12
Net profit margin	Net profit / revenue from sales of goods and materials	1.65%	1.51%	0.14

ACTION S.A. Capital Group				
indicator	methodology	2024	2023	change y/y [%]
gross margin	(revenue from the sale of goods and materials – cost of goods and materials sold) / revenue from the sale of goods and materials	8.51%	8.80%	-0.29
EBITDA margin	(operating profit + depreciation) / revenue from sales of goods and materials	2.19%	2.12%	0.07
Gross profit margin	Gross profit / revenue from sales of goods and materials	2.00%	1.83%	0.17

Net profit margin	Net profit / revenue from sales of goods and materials	1.62%	1.46%	0.16
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### Return on equity ratios:

#### ACTION S.A.

indicator	methodology	2024	2023	y/y change (pp)
ROE	net profit / equity	10.04%	8.40%	1.64

#### ACTION S.A. Capital Group

indicator	methodology	2024	2023	y/y change (pp)
ROE	net profit / equity	10.03%	8.21%	1.82

### Return on assets ratios:

#### ACTION S.A.

indicator	methodology	2024	2023	y/y change (pp)
ROA	net profit / assets	6.30%	5.50%	0.80

#### ACTION S.A. Capital Group

indicator	methodology	2024	2023	y/y change (pp)
ROA (Return on Assets)	net profit / assets	6.25%	5.34%	0.91

### Liquidity ratios:

#### ACTION S.A.

indicator	methodology	2024	2023	change y/y [%]
Cash ratio	cash / short-term liabilities	0.25	0.44	-19.25
Quick ratio	(cash + short-term receivables) / short-term liabilities	0.96	1.35	-39.16
Current ratio	(cash + short-term receivables + inventories) / short-term liabilities	2.63	3.10	-46.48

#### ACTION S.A. Capital Group

indicator	methodology	2024	2023	change y/y [%]
Cash ratio	cash / short-term liabilities	0.25	0.43	-18.18
Quick ratio	(cash + short-term receivables) / short-term liabilities	0.96	1.34	37.68-
Current ratio	(cash + short-term receivables + inventories) / short-term liabilities	2.63	3.07	-44.68

### Equity debt ratios:

#### ACTION S.A.

indicator	methodology	2024	2023	y/y change (pp)
D/E	(Total liabilities + provisions for liabilities) / equity	59.35%	52.69%	6.66

#### ACTION S.A. Capital Group

indicator	methodology	2024	2023	y/y change (pp)
D/E	(Total liabilities + provisions for liabilities) / equity	60.23%	53.53%	6.70

**Performance indicators:****ACTION S.A.**

indicator	methodology	2024	2023	change y/y [days]
Inventory turnover cycle [days]	(average stock/cost of goods and materials sold)*365 days	48	45	3
Receivables turnover cycle [days]	(average short-term receivables / revenue from sales of goods and materials)* 365 days	21	24	-3
Liabilities turnover cycle [days]	(average current liabilities / cost of goods and materials sold)*365 days	28	24	5
Cash conversion [days]	Receivables turnover cycle + inventory turnover cycle - liabilities turnover cycle	41	46	-5

**ACTION S.A. Capital Group**

indicator	methodology	2024	2023	change y/y [days]
Inventory turnover cycle [days]	(average stock/cost of goods and materials sold)*365 days	48	45	3
Receivables turnover cycle [days]	(average short-term receivables / revenue from sales of goods and materials)* 365 days	21	24	-3
Liabilities turnover cycle [days]	(average current liabilities / cost of goods and materials sold)*365 days	28	24	4
Cash conversion [days]	Receivables turnover cycle + inventory turnover cycle - liabilities turnover cycle	41	46	-5

In addition, the Management Board provided information in the activity report:

- concerning a change in the fundamental principles of management of the Company's business and its Capital Group;
- on the agreements between the Company and the managers providing for compensation,
- on the value of remuneration, rewards or benefits, including those arising from the Company's equity-based incentive or bonus schemes,
- on the remuneration of supervisory and management personnel,
- on liabilities arising from pensions and benefits of a similar nature,
- of the total number and nominal value of the Company's shares,
- on changes in the ownership of the Company's shares by supervisory and management personnel,
- about agreements, including those concluded after the balance sheet date, which may result in future changes in the proportions of shares held by existing shareholders and bondholders,
- about the system of control over employee share programmes,
- in the field of litigation.

Statements are included as appendices to the Management Board's report on the operations of ACTION S.A. and the ACTION S.A. Capital Group for the 2024 financial year:

- the application of corporate governance principles,
- on sustainability reporting

**The Supervisory Board** finds that the aforementioned data and facts audited by the Supervisory Board contained in the Management Board's report on operations of the Capital Group for 2024 are consistent with the Company's books, documents and facts. The above assessment was carried out by the Supervisory Board on the basis of:

- a) the Management Board's report on the operations of ACTION S.A. and the ACTION S.A. Capital Group for the financial year 2024, the financial statements of ACTION S.A. for 2024, and the consolidated financial statements of the ACTION S.A. Capital Group for 2024,
- b) the report of the additional independent statutory auditor on the audit of the statutory annual financial statements - Grant Thornton Polska Prosta Spółka Akcyjna with its registered office in Poznań and the information and explanations provided by the audit firm to the Audit Committee and the Supervisory Board,
- c) information of the Audit Committee of ACTION S.A. about the course and results of the reliability of the audit of the Company's financial reporting contained in the Report on the activities of the Audit Committee for 2024,
- d) own analyses contained in the Supervisory Board's report on the results of the assessment of the Management report on the Company's operations, the Company's financial statement, the Management Board's motion regarding the distribution of profit and the assessment of the Company's situation and the Supervisory Board's activities for financial year 2024.

## II. FINANCIAL STATEMENTS OF THE COMPANY

The financial statements for financial year 2024 were prepared by the Company in accordance with the International Financial Reporting Standards ("IFRS"), as approved by the EU, issued and applicable as at the balance sheet date and, in matters not regulated by those Standards, in accordance with the Accounting Act of 29 September 1994.

The annual financial statement of ACTION S.A. for the period ended 31 December 2024 comprises: the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and notes containing a description of key accounting principles and selected explanatory notes.

The Company has kept its accounting books in accordance with IFRS since 1 January 2010.

The consolidated financial statements for 2024 include a declaration by the Management Board that they have been prepared in accordance with the applicable rules of accounting and that they give a true, fair and clear view of the Group's assets, financial position and profit or loss, and the Management Board's annual report on activities of the Group gives a true picture of the Group's development, achievements and position, including a description of the principal risks and threats. In addition, the Management Board made a declaration of the legality of the selection of the entity authorised to audit the financial statements.

In accordance with the data contained in the financial statements of the Company for the period from 1 January 2024 to 31 December 2024:

- the statement of comprehensive income as at 31 December 2024 shows comprehensive income for the period of PLN 41,308 thousand;
- statement of financial position as of 31 December 2024, with total assets, equity and liabilities of PLN 651,914 thousand;
- the statement of changes in equity for the period from 1 January 2024 to 31 December 2024 shows a value of PLN 411,280 thousand at the end of the period;
- the cash flow statement for the period from 1 January 2024 to 31 December 2024 shows a value of PLN 46,172 thousand at the end of the period.

In addition, the Company's financial statements contain further details and information relating to the financial year 2024, which are included in the notes and explanatory notes to the financial statements.

**The Supervisory Board finds** that the aforementioned data and factual circumstances included in the Company's financial statements for 2024, audited by the Supervisory Board, are consistent with the Company's books, documents and facts. The above assessment was carried out by the Supervisory Board on the basis of:

- a) the Management Board's report on the operations of ACTION S.A. and the ACTION S.A. Capital Group for the financial year 2024, the financial statements of ACTION S.A. for 2024, and the consolidated financial statements of the ACTION S.A. Capital Group for 2024,

- b) the report of the additional independent statutory auditor on the audit of the statutory annual financial statements - Grant Thornton Polska Prosta Spółka Akcyjna with its registered office in Poznań and the information and explanations provided by the audit firm to the Audit Committee and the Supervisory Board,
- c) information of the Audit Committee of ACTION S.A. about the course and results of the reliability of the audit of the Company's financial reporting contained in the Report on the activities of the Audit Committee for 2024,
- d) own analyses contained in the Supervisory Board's report on the results of the assessment of the Management report on the Company's operations, the Company's financial statement, the Management Board's motion regarding the distribution of profit and the assessment of the Company's situation and the Supervisory Board's activities for financial year 2024.

### III. CONSOLIDATED FINANCIAL STATEMENT OF THE CAPITAL GROUP

The consolidated financial statements of the ACTION S.A. Capital Group for the financial year 2024 were prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU, issued and effective as of the balance sheet date. In matters not addressed by these standards, the requirements of the Accounting Act of 29 September 1994 were followed.

The annual consolidated financial statements of the ACTION S.A. Group for the period ended 31 December 2024 comprise: the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in consolidated equity, the consolidated cash flow statement and notes containing a description of key accounting principles and selected explanatory notes.

The consolidated financial statements for 2024 include a declaration by the Management Board that they have been prepared in accordance with the applicable rules of accounting and that they give a true, fair and clear view of the Group's assets, financial position and profit or loss, and the Management Board's annual report on activities of the Group gives a true picture of the Group's development, achievements and position, including a description of the principal risks and threats. In addition, the Management Board made a declaration of the legality of the selection of the entity authorised to audit the financial statements.

During the period covered by the Consolidated Financial Statements, the companies in the Group, excluding ACTION S.A., kept their account books in line with the accounting policy (principles) determined by the Accounting Act of 29 September 1994 and the regulations issued on its basis. The consolidated financial statements include adjustments not included in the accounts of Group entities made in order to bring the financial statements of these entities into conformity with the IFRS. Since 1 January 2010, ACTION S.A. has been maintaining its accounting books in accordance with the International Financial Reporting Standards ("IFRS"), as approved by the EU, issued and in force as of the balance sheet date, and for matters not regulated by the IFRS, in accordance with the requirements of the Polish Accounting Act of 29 September 1994.

In accordance with the data contained in the consolidated financial statements of the Capital Group for the period from 1 January 2024 to 31 December 2024:

- the statement of comprehensive income as of 31 December 2024 shows comprehensive income for the period of PLN 41,228 thousand;
- the consolidated statement of financial position as of 31 December 2024, showing total assets and liabilities of PLN 653,630 thousand;
- the statement of changes in consolidated equity for the period from 1 January 2024 to 31 December 2024 shows a value of PLN 411,277 thousand at the end of the period;
- the cash flow statement for the period from 1 January 2024 to 31 December 2024 shows a value of PLN 47,844 thousand at the end of the period.

In addition, the Company's consolidated financial statements include further details and information for the financial year 2024, which are included in the notes and explanatory notes to the financial statements.

**The Supervisory Board finds** that the aforementioned data and facts audited by the Supervisory Board contained in the Group's consolidated financial statements for 2024 are consistent with the books, documents and facts. The above assessment was carried out by the Supervisory Board on the basis of:

- a) the Management Board's report on the operations of ACTION S.A. and the ACTION S.A. Capital Group for the financial year 2024, the financial statements of ACTION S.A. for 2024, and the consolidated financial statements of the ACTION S.A. Capital Group for 2024,
- b) the report of the additional independent statutory auditor on the audit of the statutory annual financial statements - Grant Thornton Polska Prosta Spółka Akcyjna with its registered office in Poznań and the information and explanations provided by the audit firm to the Audit Committee and the Supervisory Board,
- c) information of the Audit Committee of ACTION S.A. about the course and results of the reliability of the audit of the Company's financial reporting contained in the Report on the activities of the Audit Committee for 2024,
- d) own analyses contained in the Supervisory Board's report on the results of the assessment of the Management report on the Company's operations, the Company's financial statement, the Management Board's motion regarding the distribution of profit and the assessment of the Company's situation and the Supervisory Board's activities for financial year 2024.

#### **IV. MANAGEMENT BOARD'S MOTION REGARDING THE DISTRIBUTION PROFIT**

The Management Board of ACTION S.A., with its registered office in Zamienie, requested that the Company's profit in the amount of PLN 41,307,531.38 for the financial year 2024, covering the period from 1 January 2024 to 31 December 2024, be allocated in full to the Company's supplementary capital.

With regard to the Group's other entities, the Management Board reported that those companies with a profit had decided to allocate it to the payment of dividends, either to capital reserves or to cover previous years' losses. The companies that incurred losses decided to cover them with profits earned in future periods or by allocating funds from the supplementary capital.

**The Supervisory Board endorses** the aforementioned motion of the Management Board and expresses its intention to approve the said motion. Justifying the foregoing, it should be pointed out that the profit distribution method proposed by the Management Board is justified, as the profit earned should be allocated to the share capital. Having regard in particular to the need for the development of the Company's operations, the necessity to settle obligations to creditors under the arrangement, and the current macroeconomic situation, securing an appropriate amount of funds within the Company's equity is, in the opinion of the Supervisory Board, justified.

#### **V. ASSESSMENT OF SITUATION OF THE COMPANY AND THE CAPITAL GROUP AND THE ACTIVITY OF THE SUPERVISORY BOARD**

##### **1. Overall assessment of the situation of the Company and the Capital Group.**

The year 2024 was a period in which the Company carried out a number of initiatives related to its development in a changing environment, including the initial preparation of sustainability reporting, the implementation of a new IT system, and the continued execution of acquisition activities. During the reporting period, the Company and the Capital Group consistently pursued their strategy of diversifying sources and ranges of supply as well as sales channels. This period was also the fourth consecutive year of the Company's operations following the completion, on 15 December 2020, of the restructuring proceedings that had been ongoing since 1 August 2016, within the meaning of the Act of 15 May 2015 – Restructuring Law. Since the opening of the remedial proceedings until the present day, the Company has continued to consistently conduct its business and has implemented and completed restructuring procedures aimed at improving its financial situation. The Company also continued to service arrangement liabilities in a timely manner. The company managed to make a profit of more than PLN 41,308 thousand in 2024. In the opinion of the Supervisory Board, the

above profit level should be regarded as a symptom of properly conducted operations following the completion of the restructuring process and the implementation of the assumptions developed during the process.

The Supervisory Board emphasises that the actions taken by the Management Board in 2024 should be assessed positively. The Supervisory Board indicates that it continuously monitors issues relating to the Company's operations, including the progress of the implementation of the arrangement. The Management Board has been in constant contact with the Supervisory Board to provide necessary information and clarifications.

With regard to the ACTION S.A. Capital Group, in 2024, it comprised the following entities:

**Parent company:**

ACTION S.A. with its registered office in Zamienie

**Subsidiaries and associates**

KRAKVET MARKETING Sp. z o.o. (former name: SFERIS MARKETING Sp. z o.o.), with its registered office in Zamienie – subsidiary (70%)<sup>1</sup>. KRAKVET MARKETING Sp. z o. o. provides advertising services and trades pet products.

CLOUDTEAM Sp. z o.o. (former name: ACTION CENTRUM EDUKACYJNE Sp. z o.o.), with its registered office in Warsaw – associated entity (24.38%). The main business profile of CLOUDTEAM Sp. z o.o. is training and IT services, and the rental of computer hardware.

BRON.PL Sp. z o.o. (converted from a joint-stock company – date of conversion registration: 5 December 2024) with its registered office in Zamienie – subsidiary (75.43%) BRON.PL Sp. z o.o. is the operator of one of the largest Polish online and physical stores in the field of non-licensed firearms, survival gear, and personal protection.

PDS CARE Sp. z o.o. with its registered office in Zamienie – subsidiary (60%) PDS CARE Sp. z o.o. is engaged in the trade of medical and rehabilitation products, with particular emphasis on meeting the needs of elderly people.

In addition, the Company holds 18.84% of shares in ACTION ENERGY Sp. z o.o., with its registered office in Krakow, ul. Opatkowicka 10A /10, 30-499 Krakow. This company is not consolidated.

**Changes in the Group's composition during the reporting period:**

During the reporting period, ACTION S.A. acquired shares representing a total of 60% of the share capital and the same proportion of votes at the shareholders' meeting of PDS CARE Spółka z ograniczoną odpowiedzialnością, with its registered office in Zamienie. In Q3 2024, the Company entered into four agreements for the acquisition of 220 shares in BRON.PL S.A., increasing its shareholding in the company to 75.34%.

**2. Evaluation of the internal control systems, including the adequacy and effectiveness of the Company's systems of internal control, risk management, ensuring compliance of operations with standards or applicable practices and internal audit.**

In assessing the Company's situation, the Supervisory Board also analysed the effectiveness of the internal control systems, risk management, compliance (i.e. adherence to standards or applicable practices), and the internal audit function. The systems in question are subject to constant monitoring by the Supervisory Board. In this respect, the Supervisory Board assessed the documents prepared by the Management Board included in the "Annual Assessment of the Effectiveness of Internal Control Systems and Functions, Risk Management, Compliance, and the Internal Audit Function" as well as the findings of the Audit Committee presented in the 2024 Activity Report. To verify the issues discussed, the Supervisory Board, in addition to the findings of the Management Board and the Audit Committee, analyses the Company's situation at each meeting, taking into account the information provided by the Management Board. The members of the Supervisory Board (including the Audit Committee) are in constant contact (also outside the meetings) with the Company's management and employees dealing with specific issues within the systems of internal control, risk management, compliance and the internal audit function (in accordance with the Company's System described below).

Internal control, risk management and compliance functions in ACTION S.A. are performed by and with the involvement of the Controlling and Operational Support departments, process optimisation coordinators, ISO management systems

and the Legal Department. These activities are carried out in accordance with the Description of the Internal Control System of ACTION S.A.

With the involvement of the Legal, Accounting and Controlling departments, ACTION S.A. seeks to minimise the risks typical for its business and the industry.

As part of its activity, ACTION S.A. actively and effectively manages the market and credit risks, liquidity, capital and random events.

The risk management policy is implemented through measures such as verifying contracts in terms of legal and accounting aspects, and in terms of potential long-term financial and legal consequences. Since Action is listed at the Warsaw Stock Exchange, the Company puts great emphasis on transparency and credibility. ACTION S.A. makes every effort to be a reliable and solid partner for its customers. It ensures that all actions taken are compliant with applicable law, which is ensured by the legal department. In addition, in the case of new customers, ACTION S.A. verifies the legal and accounting/financial aspects of potential contracts before entering into them and also performs a general verification of the financial standing of such customers by requesting that the relevant documentation be presented to prevent them from entering into contracts with insolvent customers.

The functioning of these systems is verified by the Management Board, the Audit Committee and the Supervisory Board. These activities take place, among others, through the analysis of the Management Board's reports in this respect, as well as direct discussions with the Company's representatives (not only Members of the Management Board, but also persons holding positions in the departments forming the internal control system) on the effectiveness of the functioning of internal control systems and functions, risk management, compliance and the internal audit function. The results of the analyses are included in the relevant reports of the above-mentioned bodies.

The internal control system within the Company's structure has been shaped as follows:

### **Internal Control System of ACTION S.A.**

#### **I. Objectives of the internal control system of ACTION S.A.**

1. The purpose of the internal control system is to ensure:

- 1) effectiveness and efficiency of the Company's operations,
- 2) reliability of financial reporting,
- 3) compliance with the principles of risk management in the Company,
- 4) compliance of the Company's operations with the provisions of law, internal regulations and market standards.

#### **II. Role of the Company's authorities in the implementation of the internal control process**

##### **1. Supervisory Board**

- 1) supervises the implementation and ensuring the functioning of an adequate and effective internal control system in the Company,
- 2) according to the applicable laws, the financial statements are drawn up by the Issuer's Management Board. This process is subject to audit and evaluation by a statutory auditor (appointed by the Supervisory Board) and the Supervisory Board, which draws up a report on said subject matter and submits it to the General Meeting of the Company. The entity which audits the financial statements participates in the General Meeting during which the financial statements are examined and approved.
- 3) in accordance with the regulations in force in the Company, at least 2 members of the Supervisory Board meet the independence criteria. Their participation is also significant during internal control and risk management related to the process of preparing financial statements. In particular, their position is significant when the entity auditing the financial statements is being selected as well as during other important activities concerning members of the Management Board and related parties (see § 15(2)(6), (11-12), (13-14) of the Statute).

##### **2. Audit Committee**

- 1) The Company has an Audit Committee appointed by the Supervisory Board from among its members, which acts in accordance with the Rules of the Audit Committee of ACTION S.A.

2) The task of the Audit Committee is ongoing monitoring of the internal control system and risk management and internal audit systems, including with regard to financial reporting;

The tasks of the Audit Committee with respect to monitoring effectiveness of internal control, internal audit and risk management in the Company include in particular:

- a) reviewing the performance of the internal control and internal audit system, taking account of the recommendations of the audit firm,
- b) verifying adequacy and effectiveness of the Company's internal control system with the involvement of a statutory auditor, individuals performing internal audit, finance and accounting functions, including third parties;
- c) supporting internal audit upon identifying irregularities, problems or communication issues with the Management Board,
- d) monitoring material changes in the financial and accounting processes which could affect the Company's stability or ability to prepare credible data or reporting documents on time;
- e) analysing information on increased exposure to specific risk, information on risk identification and monitoring, and evaluating steps taken by the management to reduce such risk;
- f) expressing opinions on submitted draft rules concerning: cautious and stable management, and acceptable risk levels in the areas of the Company's business; processes for evaluating internal capital, capital management and planning;
- g) analysing compliance with risk management rules in the Company based on information and reports received, and providing recommendations in that regard.

### **3. The Company's Management Board**

1) The Management Board of the Company is responsible for designing, implementing and ensuring in all organisational units and entities the functioning of an adequate and effective internal control system, which includes the control function.

2) The Management Board of the Company ensures continuity of the internal control system, including proper cooperation of all employees of the Company within the control function. The Management Board provides employees of these units with access to necessary source documents in connection with the performance of their official duties.

3) The Management Board of the Company establishes and periodically, at least once a year, updates the criteria for assessing the adequacy and effectiveness of the internal control system, the criteria for identifying significant processes and the rules for categorising irregularities detected by the internal control system. The Management Board defines the types of corrective and disciplinary actions to eliminate irregularities detected by the internal control system.

4) The Management Board of the Company approves the list of significant processes and their connection with general and detailed objectives of the internal control system and ensures a regular review of all processes functioning in the Company in terms of their significance.

5) The Management Board of the Company defines the rules for periodic reporting of irregularities detected by the control system and the status of corrective and disciplinary actions taken.

6) The Management Board informs the Supervisory Board once a year about the manner of performing tasks ensuring the functioning of an effective and adequate internal control system, with particular emphasis on:

- a) adequacy and effectiveness of the internal control system in ensuring the achievement of the objectives of the internal control system,
- b) the scale and nature of critical and significant irregularities and the most important actions to address them, including corrective and disciplinary measures taken,

### **III. Chart of organisation of 3 lines of defence within the organisational structure of ACTION S.A.**

The Company's internal control system and the risk management system are organised on three independent levels:

1. In its Organisational Structure, the Company distinguishes units responsible for the performance of tasks under the Control Function, in accordance with the concept of three lines of defence.

2. The Company's Internal Control System is organised on three independent levels, where:

- 1) the first line of defence consists of operational risk management;

2) the second line of defence consists of risk management by employees on specially appointed positions or in organisational units, regardless of risk management at the first line of defence, in particular employees of departments indicated in point IV, i.e.:

- a) controlling and operational support,
- b) process optimisation coordinators; ISO management systems,
- c) legal department.

3) the third line of defence comprises the activities of the Audit Committee in the scope of controlling the effectiveness and adequacy of the internal control system.

3. On all three lines of defence, as part of the Internal Control System, the Company's employees, in connection with the performance of their duties, apply appropriate control mechanisms or independently monitor compliance with control mechanisms.

#### **IV. Location, scope of tasks, independence of departments responsible in the Company's structure for internal control, risk management and compliance**

Internal control, risk management and compliance at ACTION S.A. are carried out in cooperation with the following departments:

1. controlling and operational support,
2. process optimisation coordinators; ISO management systems,
3. legal department.

As part of the evaluation of the internal control system and the risk management system, particular attention must be paid to the currency risk management principles applicable by the Company, including in particular:

1. continuous monitoring of currency positions and on-going alignment of hedge levels;
2. division of control and supervisory responsibilities among three independent departments of the Company.

As part of internal control, the Controlling Department monitors specific aspects of the Company's business:

- monitoring of the monthly budget performance by the Company's departments
- management accounting
- sales support – accounting for bonuses due to the Company, supervising conclusion and performance of marketing agreements in a specific form
- monitoring of monthly fixed costs incurred by the Company
- budget planning, including constant monitoring with the Management Board of the 2019-2028 financial forecast, which was published in current report no. 40/2019
- verification of sales targets
- monitoring of fixed costs incurred by the Company, including analysing and reporting on monthly fixed costs, approving and verifying cost invoices for formal aspects.
- supervision, with the participation of the Management Board and the Chief Financial Officer, of the Company's financial situation in the context of the Company's current financial liquidity in relation to the need to repay claims under the concluded composition agreement in connection with the restructuring proceedings which have been finalised.

The Company has also implemented management systems conforming to the international standards ISO 9001, ISO 14001, ISO 27001 and ISO 28000.

Our information security system conforming to ISO 27001 has special significance. It functions properly and without any disruptions. ACTION S.A. maintains an implemented information security policy and the IT department constantly supervises the efficiency of this system. As part of the implemented standard ISO 27001, the following areas function without any disruptions: asset management, HR security, physical and environment security, system and network management, access control, business continuity management, acquisition, development and maintenance of IT systems, and information security incident management.

The implemented standard ISO 9001 ensures monitoring of documents and records, management commitment to building a quality management system, resource management organisation, definition of product realisation processes and regular measurements (of customer satisfaction, products and processes). All these requirements are meticulously implemented by Action S.A. The Company's focus is on the customer (the organisation's market position depends on its customers), leadership (the organisation's management sets its development directions), commitment by our people

(people are our most valuable asset), process-oriented approach (the organisation's efficiency and effectiveness depend mainly on the quality of its processes), systemic approach to management (quality management is regarded as management of interrelated processes), continual improvement (the organisation's standing goal is to constantly improve its process), subject-matter oriented approach to decision making (decisions are made based on a logical or intuitive analysis of all available data and information), mutual benefits in relations with suppliers (establishing mutually beneficial relations with suppliers of goods and materials ensures high quality for the organisation).

Action S.A. makes sure that its business does not adversely affect the natural environment, and has therefore implemented ISO 14001.

Since the operations of ACTION S.A. are mainly based on the distribution of goods, the Company has implemented ISO 28000, which is an international standard for a supply chain security management system. The ISO 28000 certificate is a valuable framework for organisations whose business involves or is based on the logistics industry, helping them minimise the risk of incidents in the security system and ensure problem-free and punctual delivery. The system implemented in the Company functions without any disruptions. This has been confirmed by a positive outcome of a number of audits performed by external auditors.

The systems and regulations presented above determine the course of operations. They enable correct information flow and financial reporting.

The Supervisory Board emphasises that already at the beginning of 2023, the Company implemented a Policy on Respect for Human Rights, which confirms compliance with the Minimum Guarantees within the meaning of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 (the Taxonomy Regulation). The Company is also working intensively on the development and implementation of a sustainability policy (ESG Policy), the principles of which have been incorporated into the Company's ESG Strategy.

In 2024, the Company took further steps to ensure economic security. As a result of the measures taken during the period in question, a new Due Diligence Procedure for the verification of and cooperation with business partners was updated and implemented. The procedure was implemented and adopted by the Management Board in order to mitigate the risk associated with the possibility of business relations with ACTION S.A. by entities violating the law in the context of tax carousels, i.e. criminal practices aimed at VAT fraud and potential trade with entities directly or indirectly subject to economic sanctions. The procedure regulates the actions taken by the Company as part of the business partner verification processes carried out with the intention of ensuring protection against financial and operational threats, including the unintentional participation of ACTION S.A. in tax and economic fraud. The procedure sets out the individual steps preceding the initiation of a business relationship, understood as the purchase or sale of goods or services. In addition, it sets out the actions to be taken before each transaction with a business partner and regulates other aspects related to due diligence.

At the same time, the Supervisory Board, in fulfilment of its duty under Principle 3.3 of the Code of Best Practice for WSE Listed Companies 2021, is of the opinion that there is no need to appoint an internal auditor to head the internal audit function or to establish a separate internal audit department within the Company; however, this matter requires further analysis due to the growing number of new legal regulations. At the Company, the functions of internal control, risk management, compliance, and internal audit are performed, in particular, by: the Controlling and Operational Support Department, Process Optimisation Coordinators, ISO Management Systems, the Legal Department, and the ESG Advisor.

The Supervisory Board analysed the Annual Assessment of the Effectiveness of Internal Control, Risk Management, Compliance, and Internal Audit Systems and Functions prepared by the Company, including the risks identified therein and the measures taken to mitigate or eliminate them.

The Supervisory Board, on the basis of the aforementioned assessment and the measures taken to carry it out, concludes that the above system adequately ensures the purpose of the Company's internal control, risk management, compliance and internal audit functions.

As regards the assessment of the internal control system and the risk management system in the Capital Group, it should be emphasised that in the case of subsidiaries, the internal control standards (as described above) are implemented mainly through regular reporting of the activities of these entities to the Company, as well as the combination of the functions of members of the Management Board in the Company and its subsidiaries by the same persons in some of the companies.

### **3. Assessment of the application of corporate governance principles and the fulfilment of disclosure obligations.**

The Supervisory Board carried out an evaluation of the Company's application of the rules of corporate governance and the manner in which it fulfils its information obligations regarding their application as set out in the Regulations of the WSE and the regulations on current and periodic information provided by issuers of securities. The Supervisory Board notes that in the Capital Group the above obligations apply only to ACTION S.A.. As far as the other entities of the Capital Group are concerned, they are not public companies and their obligations focus on proper communication of information in order to enable ACTION S.A. to fulfil its publication obligations.

As of 1 July 2021. ACTION S.A. is subject to the rules of corporate governance "Code of Best Practice for WSE Listed Companies 2021" introduced by Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange S.A. 29 March 2021.

Pursuant to § 29 section 3 of the regulations of the WSE, in order to ensure comprehensive information on the current status of application of corporate governance rules, the issuer publishes information indicating which rules it applies and which rules it does not apply on a permanent basis. For rules that are not applied by the issuer, the information shall include a detailed explanation of the circumstances and reasons for not applying the rule in question. In the event of a change in the status of the application of the rule or the occurrence of circumstances that justify a change in the content of the explanation of non-application or the manner of application of the rule, the issuer shall promptly update the previously published information. In turn, § 29 section 3a. of the aforementioned regulation stipulates that if a specific corporate governance rule has been breached incidentally, the issuer shall promptly publish information about this fact, indicating the circumstances and reasons for the breach of the rule in question and explaining how it intends to remedy the consequences, if any, of not applying the rule or what steps it intends to take to reduce the risk of not applying the rule in the future, as well as whether there have been any cases of incidental breaches of the rule in the past two years. The companies were obliged to submit the above information by 31 July 2021.

Furthermore, in accordance with § 70 section 6 item 5) and § 71 section 5 of the Ordinance of the Minister of Finance of 29 March 2018. (J. of Laws 2018.757) on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state, the Company makes annual declarations on the application of corporate governance rules in accordance with the requirements set out in the aforementioned regulations.

The Supervisory Board has determined that the Company - in performance of § 29 of the Regulations of the WSE – published EBI Report No. 1/2021 on 16 July 2021 with information on the status of application of the "Code of Best Practice for WSE Listed Companies 2021". The Company did not make any changes to the above-mentioned information, nor did it notify any incidental breaches of the corporate governance rules.

In accordance with the information on the state of application of the "Code of Best Practice for WSE Listed Companies 2021" the Company has referred to all rules and provided explanations as to whether or not they are applied. Also, the Company's declarations on the application of corporate governance rules for 2024 meet the requirements of the regulation of the Minister of Finance of 29 March 2018. In particular, ACTION S.A. explained that, subject to the circumstances and explanations indicated below, it applies the rules of the Code of Best Practice for WSE Listed Companies 2021. The Company stressed that, in a reference to the "Code of Best Practice for WSE Listed Companies 2021", it applies the above rules with the exception of the rules: with which the Company applies the above rules with the exception of the rules: 1.5., 2.1., 2.2., 2.7., 2.11.5., 2.11.6., 3.3., 3.4., 3.10., 4.1., 4.3., 4.8., which are not used or are used with modifications. With regard to these principles, the Company submitted the explanations contained in the

"Statement on the application of corporate governance principles by ACTION S.A. in the 2024 financial year, attached to the ACTION S.A. annual report for 2024."

Taking into account the above explanations, the Company applies 81% of the principles of the Code of Best Practice 2021 directly, while the remaining principles are either not applied or applied with modifications. The Company's principle compliance ratio is higher than that of other issuers in the sector, the ratio of the sWIG80 index, as well as the overall ratio of issuers that have published a report.

The Supervisory Board has taken into account the above-mentioned information and declarations of the Company when analysing the Company's application of the corporate governance rules. The Supervisory Board also analysed how the Company complied with its disclosure obligations as set out in the Stock Exchange Rules and the regulations on current and periodic information provided by issuers of securities. To verify the discussed matters, the Supervisory Board conducts an analysis of the Company's situation at each meeting, including the occurrence and potential occurrence of reportable events. The members of the Supervisory Board are also in regular contact (including outside meetings) with the Company's management and employees dealing with specific issues within the analysis of the Company's compliance with the corporate governance rules and the performance of its disclosure obligations. These contacts make it possible to obtain information on an ongoing basis and audit the correctness of the Company's activities in the field in question. The Supervisory Board, on the basis of the aforementioned assessment and the actions taken for its purpose, concludes that the Company has properly complied with its disclosure obligations regarding the rules on corporate governance as set out in the Regulations of the WSE S.A. and the regulations on current and periodic information provided by issuers of securities in 2024.

#### **4. Information on the implementation of diversity policy**

The Company does not have a diversity policy for the Management Board and the Supervisory Board adopted by the Supervisory Board or the General Meeting, respectively. As a result, the Company has communicated that it does not apply rule 2.1. and 2.2. of the Code of Best Practice 2021. However, the Company adopted a Diversity Policy by the Management Board concerning the entire organisation of the Company, but it does not provide for a minority share in a given body at a level not lower than 30%. At the same time, the Management Board declared that the Company will begin implementing gender quotas in its governing bodies in line with the transposition of Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures, thereby introducing the relevant principles into practice.

The Company's general diversity policy is based primarily on adherence to the principles of equal treatment and the prevention of all forms of discrimination, with the belief that this brings tangible benefits and fosters the organisation's growth and innovation. In its operations, the Company respects diversity, multiculturalism and attaches great importance to the policy of equal treatment of employees regardless of gender, age, disability, health, race, nationality, ethnicity, religion, political conviction, sexual orientation, gender identity, form, scope and basis of employment, and regardless of any other potential grounds of discriminatory behaviour. The Company is successively implementing the rules of diversity management and equal treatment policies and their promotion and dissemination to all stakeholders of the organisation. ACTION believes that its employees, in building a strong team that is satisfied with its work, are the Company's greatest asset, determining its economic success. The recruitment process concentrates primarily on the candidates' professional skills.

The diversity management policy at ACTION is based on breaking down barriers such as age, gender and health. The Company agrees that the professional potential of an employee depends primarily on his/her competencies. It is also important to promote employment among people with disabilities. Therefore, the employees of the Group include people with varying degrees of disability, working in administration, office and warehouse positions. The modern infrastructure of the office and warehouse facility of ACTION S.A. is fully adapted to the needs of disabled people who are employed at ACTION S.A.

Work-life balance is also promoted. ACTION S.A. supports health and an active lifestyle of its employees, providing them with a wide range of benefits, such as private healthcare and access cards to a number of sports facilities. The office complex includes a music and social club, providing our employees with an opportunity to socialise. The Company takes

every effort to prevent undesired behaviour, such as mobbing and discrimination. Such behaviours are not tolerated in the Company's structure. The company is committed to being a place where employees feel respected and can fulfil themselves professionally.

Confirmation of the practical implementation of the diversity policy is provided by the parameters for employment and remuneration:

### Employment

At the end of 2024, ACTION S.A. employed 517 people, and the entire Group employed 542 people. At Action S.A., approximately 38.9 per cent of employees are women and approximately 61.1% are men (Group-wide the breakdown is: 38.2%/61.8%). Such gender structure results from the fact of possessing own logistic centre, in which – due to the specifics of required competencies – mainly men are employed. They account for approx. 80% of employees in the warehouse and the logistic department. Among office employees, the proportions of employment broken down by gender are as follows: 40% women and 60% men. Regarding managerial positions: 38.2 women; 61.8% men.

Action S.A. takes an active part in the employment activation of disabled people. The modern infrastructure of the office and warehouse facility is fully adjusted to the needs of disabled people. At the end of 2024, Action S.A. employed 34 people with different levels of disability, which constituted 6.6% of all employees.

In Action S.A., the majority of employees (approx. 64%) is employed on the basis of employment agreements (made mainly for an indefinite period of time). Agreements for a definite period of time are applied as standard in the case of new employees.

Employment by gender and duration of employment contracts was as follows:

ACTION S.A.;

TYPE OF AGREEMENT	Women	Men
Agreement for an indefinite period of time	134	242
Agreement for a definite period of time	66	72
Agreement for a trial period	1	2
<b>Total</b>	<b>201</b>	<b>316</b>

GK ACTION S.A.:

TYPE OF AGREEMENT	Women	Men
Agreement for an indefinite period of time	138	255
Agreement for a definite period of time	68	78
Agreement for a trial period	1	2
<b>Total</b>	<b>207</b>	<b>335</b>

Additionally, Action S.A. also applies civil law agreements. Pursuant to the principles applicable in the Company, this kind of agreements is limited to a maximum extent and signed only in the case of positions at which flexible working time is essential. At the end of 2024, 69 people were engaged under civil law contracts in ACTION S.A., and 73 people in total across the ACTION Capital Group.

### Payroll

The average salary on an employment contract was at ACTION S.A. PLN 9084.73 gross. With regard to the gender breakdown, the level of average gross pay for women and men was: PLN 8,635.58 (women) and PLN 9,367.73 (men)

### Relationships with employees and freedom of association

The area of employee relations is carried out at the ACTION S.A. Capital Group primarily by means of internal communication, which is conducted mainly through internal meetings in person as well as online using instant messaging and current information displayed on screens. It is the place of publication of information and news about strategy, business, marketing, human resources and organisational topics.

In the ACTION S.A. Capital Group there are no trade unions.

In order to minimise the risk of conflicts in the workplace, ACTION S.A. has drawn up [Regulations for internal notifications concerning violations of the law and follow-up actions at ACTION S.A.](#) The aforementioned regulations were introduced on the basis of the Act of 14 June 2024 on the protection of whistle-blowers, implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law, in order to reduce damage to the public interest, take follow-up actions, and ensure sustainable and effective protection of whistle-blowers.

### **Development and education**

The fulfilment in the ACTION S.A. Capital Group of employees' development needs requires ensuring the opportunities to improve professional qualifications and skills. Internal as well as external training tailored to the needs of the employees of the Company and the Capital Group is provided within the Group.

In 2024, due to the business profile of the Company and its Group, training activity focused on the areas of e-commerce sales and logistics and the use of AI tools. Furthermore, in addition to the standard training, the training project "Grow with Action" continued, which included training of the following competences: Project Management, ABC of Manager and MS Excel.

Training courses are carried out also in the case of business needs or employees' promotions. Moreover, new employees in the first days of their employment undergo induction training during which they get to know the work of other departments, the company's structure and policies. Employees have the opportunity to deepen their expert knowledge of law, accounting and human resources on an ongoing basis by access to paid sector-related portals, such as LEX, LEGALIS.

At the beginning of 2023, the Company implemented a Policy on Respect for Human Rights, which confirms compliance with the Minimum Guarantees within the meaning of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 (the Taxonomy Regulation), and the Company also prepares sustainability (ESG) reporting, which constitutes a further step towards promoting equal rights and diversity.

## **5. Activities of the Supervisory Board.**

Financial year 2024 was another, 18th full year of operation of ACTION S.A. as a public company. The increased requirements related to the foregoing also applied to the Supervisory Board. In the discussed period, the Supervisory Board consisted of 5 Members, which is the minimum number specified by law. In the financial year 2024, the Supervisory Board consisted of the following members:

Iwona Bocianowska – Chairperson of the Supervisory Board,

Piotr Chajderowski – Vice-Chairperson of the Supervisory Board,

Adam Świtalski – Independent Member of the Supervisory Board,

Krzysztof Kaczmarczyk – Independent Member of the Supervisory Board,

Marek Jakubowski – Member of the Supervisory Board (Secretary of the Supervisory Board),

During the last financial year, there were no changes in the composition of the Supervisory Board. Pursuant to the Company's Articles of Association, the Supervisory Board must include 2 Independent Members. The independence criteria defined in the Articles of Association fully meet the independence requirements set forth in Rule 2.11.1. of the Code of Best Practice 2021. The Supervisory Board Members submit statements on meeting the independence criteria on a regular basis. The independence criteria, as set out in the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017, are met, and there are no actual and material links with a shareholder holding at least 5% of the total voting rights in the Company: Piotr Chajderowski, Adam Świtalski, Krzysztof Kaczmarczyk - who are also members of the Company's Audit Committee.

In financial year 2024, the Supervisory Board held 7 meetings during which it adopted a number of resolutions resulting mainly from the supervisory and control powers of the Supervisory Board. Key issues raised last year:

- consent to the sale of real estate;
- analysis of "Annual assessment of the effectiveness of the systems and functions of internal control, risk management, compliance and the internal audit function" drawn up by the Management Board of ACTION S.A.;
- analysis of the Audit Committee's recommendation regarding the selection of the audit firm to audit the financial statements of the Company and the Capital Group for 2022 and 2023
- selection of a statutory auditor to carry out the statutory audit of the financial statements of ACTION S.A. and the consolidated financial statements of the ACTION S.A. Capital Group for the financial years 2022 and 2023;
- approval of the acquisition by the Company of shares in a limited liability company (PDS Care Sp. z o.o.);
- detailing the "Remuneration Policy" to the extent set out in Article 90d, section 7 of the Act of 29 July 2005 on the public offerings and the terms for introducing financial instruments to an organised trading system and on public companies and item 12 of the Remuneration Policy with regard to cash and non-cash benefits of the Members of the Management Board for 2024;
- participation in a discussion with the statutory auditor on the conduct of the audit and review of the financial statements;
- analysis of materials for the statutory audit and attestation of sustainability reporting;
- expressing opinions on draft resolutions (and their justifications) for the Company's General Meetings;
- analysis of financial statements and activities (separate and consolidated) for the financial year 2023;
- analysis of the materials for the reports to be prepared by the Supervisory Board for the 2023 financial year;
- analysis of the Management Board's information and the Supervisory Board's assessment of the Company's situation;
- analysis of the report on the activities of the Audit Committee in the financial year 2023 and information on the course and results of the audit of the reliability of financial reporting in the Company, including the independence of the audit firm and members of the team performing the statutory audit;
- preparation of reports of the Supervisory Board (concerning the Company and the Capital Group) for 2023;
- analysing the conditions for the submission of statements pursuant to § 70, sections 1, 7, 8 and 14 as well as § 71 point 1, 7, 8 and 12 of the Resolution of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state;
- preparation of a remuneration report for 2023 by the Supervisory Board in accordance with Article 90 g of the Act on public offerings and the terms for introducing financial instruments to an organised trading system and on public companies and the statement of the statutory auditor;
- adoption of a position on the draft Remuneration Policy for Members of the Company's Management Board and Supervisory Board;
- election of the members of the Management Board of ACTION S.A. for the next term;
- ongoing analysis of the implementation process of the final agreement concluded in the Company's sanitation proceedings;
- conducting a periodic assessment of transactions with related entities and approving the Management Board's report on the assessment of transactions with related entities;
- awarding additional remuneration to Management Board Members;
- overall assessment of the situation of the Company and the Capital Group;
- analysis of materials, including Audit Committee papers, relating to financial reporting and sustainability.

The Management Board of the Company, in clarifying rule 1.5 of the Code of Best Practice 2021 (regarding non-disclosure of expenses incurred in support of culture, sports, charitable institutions, media, social organisations, trade unions, etc.), also informed that in 2024 the Company conducted sponsorship and charitable activities. The policy of ACTION S.A. in this area is based on the assumption that the Company needs to help those who are in a difficult position for reasons beyond their control and to support initiatives connected with the development of sport and physical activity.

In the opinion of the Supervisory Board, both the assumptions of the aforementioned Company's policy and the activities undertaken as part of this policy should be recognised as useful and reasonable. Apart from an ethical dimension and supporting local initiatives, charity and sponsorship activities involve clear benefits for the Company in the area of

promotion and building a positive image. The costs of these activities do not have a significant influence on the Company's operations.

**6. Evaluation of the Management Board's fulfilment of the information obligations referred to in Article 380<sup>1</sup> of the Code of Commercial Companies.**

The Supervisory Board explains that, in this respect, the Company has modified its statutory disclosure obligations by amending its Articles of Association. This amendment was made on the basis of Resolution No. 11 of the Extraordinary General Meeting of 26 October 2022 on amending § 17 section 7 of the Company's Articles of Association. In accordance with its contents, the General Meeting, on the basis of Articles 430 et seq. of the Code of Commercial Companies and Article 380<sup>1</sup> § 5 of the Code of Commercial Companies, decided to amend §17 of the Company's Articles of Association by adding a section 7 with the following wording:

"7 The Management Board is required to provide the Supervisory Board at its meetings with information on significant circumstances and events concerning the Company's situation and information held from its subsidiaries. Outside the meetings of the Supervisory Board, the Management Board provides the Supervisory Board with all information relating to the Company and information held from subsidiaries at the request of the Supervisory Board or its members. The disclosure obligations set out in Article 1 380<sup>1</sup> § 1 and 2 of the Commercial Companies Code are excluded, without prejudice to the Management Board's disclosure obligations under other laws and regulations applicable to the Company. The transmission of information to the Supervisory Board may take place in any form, including electronically or orally at meetings of the Supervisory Board."

Accordingly, the information duties in question were carried out by the Management Board on a statutory basis. At the same time, the Supervisory Board is of the position that, both after the introduction of the above regulation and previously, the Supervisory Board Members had and have access to the information and documents necessary to carry out activities within the scope of the Supervisory Board's competence. The Company shall ensure that the Management Board and persons directly performing tasks subject to the Board's evaluation attend meetings or provide information. The Supervisory Board is also informed about the Company's activities through the Audit Committee, in particular within the scope of this body's powers. The Supervisory Board considers that the Management Board's implementation of the disclosure obligations referred to in Article 380<sup>1</sup> of the Code of Commercial Companies. is carried out correctly and in accordance with the applicable regulations, so that the Supervisory Board can properly perform the duties incumbent upon it.

**7. Evaluation of the manner in which the Management Board prepares or submits to the Supervisory Board the information, documents, reports or explanations requested under 382§4 of the Code of Commercial Companies.**

The Supervisory Board, in line with its position expressed in item 6 above, is of the opinion that also with regard to the Management Board's provision of information, documents, reports or explanations in the manner described, no irregularities or impediments occurred. The Supervisory Board receives the required documents and information duly and in a timely manner.

**8. Information on the total remuneration payable by the Company for all audits commissioned by the Supervisory Board during the financial year in accordance with Article 382<sup>1</sup> of the Code of Commercial Companies.**

The Supervisory Board did not commission an audit by a selected advisor in 2024 pursuant to Article 382<sup>1</sup> of the Code of Commercial Companies.

In addition, the Supervisory Board explains that, with regard to the Supervisory Board's authority to appoint an adviser in the manner in question, the Company's Articles of Association provide for a regulation modifying the statutory solutions. Pursuant to Resolution No. 9 of the Extraordinary General Meeting of 26 October 2022 on amending §15 section 3 of the Company's Articles of Association, the General Meeting, pursuant to Article 430 et seq. of the Code of Commercial

Companies and Article 382<sup>1</sup> § 8 of the Code of Commercial Companies, amended the title of §15 section 3 of the Company's Articles of Association by making it read as follows:

"3. The Supervisory Board may adopt a resolution to examine, at the Company's expense, a specific matter relating to the Company's business or its assets and to prepare certain analyses and opinions by a selected advisor under the rules set out in Article 382<sup>1</sup> of the Code of Commercial Companies after the General Meeting has determined the maximum total remuneration of all the Supervisory Board's advisors that the Company may incur during the financial year and within the limits of the amounts arising from this authorisation. The General Meeting is authorised to determine the maximum total remuneration of all Supervisory Board advisors that the Company may incur during the financial year".

The Supervisory Board is of the opinion that the data contained in the reports covered by the evaluation and this report allow concluding that the current situation of the Company is stable, directed towards further development.

Zamienie, 29 April 2025

Iwona Bocianowska .....

Piotr Chajderowski .....

Adam Świtalski .....

Krzysztof Kaczmarczyk .....

Marek Jakubowski .....