

**Report of the Supervisory Board of ACTION S.A.  
on the results of the assessment of the Management Report, the Company's financial statements, the  
Management Board's motion regarding the distribution of profit and the assessment of the Company's standing  
and the activities of the Supervisory Board for financial year 2022**

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

- the evaluation of the Management Board's report on the Company's operations for the 2022 financial year, the Company's financial statement for the 2022 financial year to the extent of their correspondence to the books and documents, as well as to the facts and the Management Board's motion regarding the distribution of profit made by the Company in the 2022 financial year, pursuant to Article 382 § 3(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' of the Code of Commercial Companies and Rule No. 2.11. of the '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. MANAGEMENT BOARD REPORT ON**

In its report on operations in the financial year 2022, the Company Management Board indicated:

Key financial data in 2022 and a discussion of the development prospects in the coming financial year, providing the following information:

Sales revenues:	PLN 2,366,968 thousand,
Profit on sales	PLN 207,500 thousand,
Operating profit	PLN 53,479 thousand,
EBITDA	PLN 61,955 thousand,
Profit after tax	PLN 49,491 thousand.

The Management Board drew attention to the fact that sales revenue generated in 2022 increased by 2.6% in comparison with the value from the previous year.

At the same time, the Management Board emphasised that 2022 was the Company's second year of operation following the completion of the restructuring proceedings. In 2022, the Issuer has repaid more than half of the liabilities covered by the agreement. Last year, all liabilities under the composition agreement were serviced in a timely manner.

The Management Board indicated that in addition to events resulting from servicing of the composition agreement, the values described hereinabove are encumbered with other factors and events of unusual nature detailed in item 17 of the Management Board's report. As before, the Management Board will focus on further implementation of the forecast described in detail in current report no. 59/2018 of 24 October 2018 (updated in current report no. 40/2019 of 03.09.2019), taking into account its deviations that may arise from the effects of the ongoing war in Ukraine and related:

- changes in key macroeconomic indicators in Poland and worldwide,
- changes in consumer behaviour,
- the existence of market imbalances.

As the main areas of planned activities and the basic pillars of the Company's new strategy, the Management Board has identified:

- I) Even better use of the business areas served including:
  - i) Action Bussines Center,

- ii) E-commerce Automation,
- iii) Consumer Product.

- II) Development of the product portfolio in the scope of high-margin products, compliant with current trends and innovations.
- III) Exploiting synergies between B2B and B2C areas using Sferis.pl's own e-commerce shops, Krakvet.pl.

However, notwithstanding the strategic assumptions made, the Management Board stressed that the developments related to the ongoing state of war in Ukraine are a matter of concern and that the Board is adapting its plans on an ongoing basis to the changing economic situation.

In the Management Board's opinion, the main factors influencing the financial performance in the future are:

- In relation to internal factors:

- a) Ongoing processing of composition agreement payments.
- b) Current analysis of the profitability of transactions and markets served with a clear focus on the market of small clients and the retail market, in particular e-commerce in Poland and abroad.
- c) Constant supervision over the development of Sferis.pl and Krakvet.pl.
- d) Actively seeking out new opportunities to develop your own e-commerce.
- e) Operations connected with active participation in the renewable energy market, in particular the PV market.
- f) Current supervision over the scope of commercial offer and entering new markets.
- g) Strict control of the effectiveness of managing the current assets, in particular inventories.
- h) Current monitoring of risks connected with the Company's operations and undertaking measures aimed at their limitation or elimination.
- i) Current analysis and strict control of the cost effectiveness of operations conducted.
- j) Ongoing control and effective financial management.
- k) Effective use of logistic resources.

- In relation to external factors:

- a) Further course of fiscal proceedings conducted against the Company and appeal proceedings connected therewith.
- b) Results of fiscal proceedings conducted against the Company's biggest competitors and their impact on their operating activities and the market structure.
- c) Conduct of financial institutions, including banks and insurers.
- d) Changes on the distribution market and consumer behaviours.
- e) Technological changes in products offered.
- f) Changes in market shares of the Company's largest suppliers and customers.
- g) Economic and political situation in Poland and around the world.
- h) Effects of implemented and planned changes in law.
- i) Scale of investments implemented in Poland, in particular IT investments.
- j) Changes in the current and long-term macroeconomic in Poland and around the world.
- k) Effects of the war in Ukraine.
- l) The occurrence of significant imbalances in markets, the occurrence of crises and their impact on consumer and investment behaviour.

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

- material risk factors related to the Company's activities,
- risk factors related to the environment in which the Company operates,
- corporate governance principles,

- information on material proceedings to which the Company is a party,
- information on basic groups of goods offered by the Company and their share in total sales,
- information on sales markets,
- information on agreements that are significant for the Company's operations,
- information on equity relationships and specification of major capital investments,
- major transactions with related entities concluded on non-market conditions,
- information on loans taken by the Company, on loan agreements and on guarantees and sureties granted in favour of the Company,
- information on loans, guarantees and sureties granted,
- description of the use of proceeds from the issue of shares,
- information on the acquisition of treasury shares,
- information concerning the explanation of differences between the forecasts and figures disclosed in the annual report,
- assessment of financial resource management, including the following data:

<b>Liquidity ratios</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Current ratio (current assets/current liabilities)	3.98	3.35
Quick ratio (liquid current assets/current liabilities)	1.87	1.62
Cash ratio (financial resources/current liabilities)	0.44	0.36

The Management Board noted that in 2022, despite paying off more than half of the agreement liabilities, the Company maintained above-average liquidity ratios in the following year. Consequently, the liquidity ratios described above significantly exceed those recorded in the industry and in the economy in general and the Company's own funds allow it to operate with a high degree of flexibility.

<b>Value and structure of working capital in PLN '000</b>	<b>Change</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
1. Current assets	2.95%	498,325	484,033
2. Cash and securities	3,321	55,211	51,890
3. Adjusted current assets (1-2)	2.54%	443,114	432,143
4. Current liabilities	-13.23%	125,261	144,354
5. Short-term loans	0.00%	0	0
6. Adjusted current liabilities (4-5)	-13.23%	125,261	144,354
7. Working capital (1-4)	9.83%	373,064	339,679
8. Need for working capital (3-6)	10.45%	317,853	287,789
9. Net cash balance (7-8)	6.40%	55,211	51,890
10. Share of equity in the financing of current assets (7:1) in %	4.57%	75%	70%

The Management Board highlighted that the Company continued its very safe current asset management policy in 2022, which was reflected in its solid balance sheet. The increase in current assets was proportional to the overall increase in sales and its slightly higher growth rate was related to the higher volume of inventories than in the previous year. However, the increase in the inventory turnover cycle has resulted in higher profitability.

The Management Board also indicated that the Company, as in the previous year, did not use debt financing and its efficiency in managing current assets remained high.

<b>Debt ratios</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
General debt ratio	0.31	0.37
Equity to assets ratio	0.69	0.63
Interest debt / Equity	0.00	0.00

The report on activities notes that the balance sheet values recorded in 2022 have also once again significantly improved the value of the debt ratios. As a result, the value of the overall debt ratio fell from an already extremely safe level of 0.37 to 0.31. However, at the end of 2022 the value of debt liabilities remained zero.

Moreover, the Management Board's Report presents:

- assessment of ability to fulfil investment plans,
- evaluation of the factors and non-typical events influencing the result of operations,
- description of the external and internal factors significant for the Company's development,
- changes in the basic principles of managing the Company,
- agreements entered into between the Company and its managing persons,
- information on the value of remuneration, awards or benefits for persons managing or supervising the Company,
- information on the nominal value and total number of all the Company's shares,
- information on the agreements which may influence the current shareholder structure,
- information on the system of control over employee share incentive programmes,
- information concerning the entity authorised to audit financial statements,
- expected development of the Company and its financial standing,
- Management Board's information prepared on the basis of the Supervisory Board's statement on the selection of the audit firm,
- summary of changes in the ownership of the Company's shares or rights thereto (options) by persons managing and supervising the Company, in accordance with the information available to the Company,
- statement on non-financial information.

**The Supervisory Board estimates** that the aforementioned data and factual circumstances included in the Management Board's report on activities of the Company for 2022 and audited by the Supervisory Board are consistent with the books, the Company's documents and the facts. The above assessment was carried out by the Supervisory Board on the basis of:

- a) the Management Board's report on ACTION S.A.'s operations for 2022 and the financial statement of ACTION S.A. for 2022,
- 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 2022,
- d) own analyses contained in the Supervisory Board's report on the results of the assessment of the Management Board's 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 standing and the Supervisory Board's activities for financial year 2022.

## II. FINANCIAL STATEMENT

The financial statements for financial year 2022 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 2022 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 financial statements for 2022 include a declaration by the Management Board that they have been prepared in accordance with the applicable accounting rules and that they give a true, accurate and fair view of the Company's financial position and financial performance. 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 2022 to 31 December 2022:

- the statement of comprehensive income as at 31.12.2022 shows comprehensive income for the period of PLN 49,491 thousand;
  - statement of financial position as of 31.12.2022, with total assets, equity and liabilities of PLN 646,353 thousand;
  - the statement of changes in equity for the period from 1 January 2022 to 31 December 2022 shows a value of PLN 442,008 thousand at the end of the period;
- the cash flow statement for the period from 1 January 2022 to 31 December 2022 shows a value of PLN 55,211 thousand at the end of the period.

**The Supervisory Board estimates** that the aforementioned data and factual circumstances included in the Company's financial statements for 2022, 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 ACTION S.A.'s operations for 2022 and the financial statement of ACTION S.A. for 2022,
- 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 2022,
- d) own analyses contained in the Supervisory Board's report on the results of the assessment of the Management Board's 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 standing and the Supervisory Board's activities for financial year 2022.

### **III. 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 for the financial year 2022, covering the period from 1 January 2022 to 31 December 2022, be distributed at the amount of PLN 49,491,165.45. by allocating it entirely to the Company's supplementary capital.

**The Supervisory Board endorses** the aforementioned proposal of the Management Board and expresses its intention to approve the said proposal. 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 to settle obligations to creditors under the agreement and the current situation relating to the situation in Ukraine, it is reasonable in the opinion of the Supervisory Board for the Company to secure an adequate amount of funds within its equity.

### **IV. ASSESSMENT OF THE COMPANY'S STANDING AND THE ACTIVITIES OF THE SUPERVISORY BOARD**

#### **1. General assessment of the Company's standing.**

The financial year 2022 was the second year of operation of the Company following the completion on 15.12.2020 of the restructuring proceedings, which had been ongoing since 1.08.2016, 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. 2022 was also the second period for servicing agreement liabilities. In the past year, all obligations under the agreement were met by the Company on time. In addition, despite the difficulties associated with the effects of the Covid-19 outbreak state and the war in Ukraine, the Company managed to make a profit of over PLN 49,491 thousand. In the opinion of the Supervisory Board, the above profit level should be regarded as a clear 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 2022 should be assessed positively. The Supervisory Board indicates that it monitors the performance of the composition agreement on an ongoing basis. The Management Board has been in constant contact with the Supervisory Board to provide necessary information and clarifications.

## **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 carried out an analysis of the effectiveness of the internal control systems, risk management, compliance (compliance of operations with 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 Management Board's compilations contained in the "Annual assessment of the effectiveness of the internal control systems and functions, risk management, compliance and the internal audit function" and the findings of the Audit Committee included in the 2022 Report on activities were assessed. For the purpose of verifying the items discussed, the Supervisory Board, in addition to the findings of the Management Board and the Audit Committee, carries out an analysis of 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 of these measures 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.

Given that the business 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.

At the same time, the Supervisory Board, in fulfilment of its duty under Rule 3.3. of the Code of Best Practice for WSE Listed Companies 2021, is of the opinion that there is no need to appoint within the Company an internal auditor in charge of the internal audit function and a separate internal audit department. At the Company, functions of the internal control, risk management and compliance systems as well as internal audit functions are performed by, in particular: controlling and operational support department, process optimisation coordinators, ISO management systems and legal department.

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 in the Supervisory

Board's report on the Company) 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 Company's application of corporate governance rules.**

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.

As of 1.07.2021. 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. 29.03.2021.

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 31.07.2021.

Furthermore, in accordance with § 70 section 6 item 5) and § 71 section 5 of the Ordinance of the Minister of Finance of 29.03.2018. (Journal 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 16.07.2021 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 2022 meet the requirements of the regulation of the Minister of Finance of 29.03.2018. 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 o 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 rules, the Company submits the following explanations:

- with reference to rule no.1.5. of the Code of Best Practice 2021, ACTION S.A. informs that it does not disclose expenses incurred by it and its group to support culture, sport, charitable institutions, media, social organisations, trade unions, etc., as the scale of the above-mentioned expenses is not significant from the point of view of the Company's financial situation and in relation to other costs incurred by the Company. In contrast, the Company is actively pursuing the areas described above as set out in the Management Board's declaration.
- with reference to rule no. 2.1. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is not applied in the scope of introducing a diversity policy towards the Management Board and the Supervisory Board, adopted by the

Supervisory Board or the General Meeting respectively. 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%. The diversity management policy of ACTION S.A. is based on overcoming barriers such as age, gender and health condition. We believe that an employee's competencies are key for their professional potential. It is also important to promote employment among people with disabilities. Therefore, the employees of ACTION include people with varying degrees of disability, working in different positions. The Management Board and Supervisory Board of ACTION comprise members with education in economics, finance and accounting, management and various professional experience. The Management Board is composed of 2 men, and the Supervisory Board is composed of 1 woman and 4 men. Due to the number of people in the Company's bodies (Management Board of 2 persons; Supervisory Board of 5 persons), achieving the above threshold (30%) is difficult. In the Company's opinion, while observing the principles of proportionality and adequacy in relation to individual needs, measured primarily by the size of the enterprise and type and scale of the Company's activity, this principle will be a way to achieve the required level of diversity. Overall, at ACTION S.A., approximately 37.2% of employees are women and approximately 62.8% are men. 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: 42% women; 58% men.

- with reference to rule no. 2.2. of the Code of Best Practice 2021, ACTION S.A. informs that the rule is not applied in the scope of acting on the basis of the diversity policy referred to in rule 2.1 and ensuring gender versatility – in view of failure to implement such a policy. According to explanations to rule no. 2.1. the Company did not implement the diversity policy indicated in this rule. Persons deciding on the appointment of members of the Management Board and the Supervisory Board are not limited in terms of submitting applications and making choices.

- with reference to rule no. 2.7. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is currently applied. On the basis of Resolution No. 10 of the Extraordinary General Meeting of Shareholders of ACTION S.A. of 26.10.2022 on amending § 17 section 5 of the Company's Articles of Association, a rule was also introduced that a Member of the Management Board may not perform functions in the bodies of entities outside the Company's capital group without the consent of the Supervisory Board.

- with reference to rule no. 2.11.5. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is not applied in connection with the Management Board's statement on non-application of rule 1.5 to which this rule applies.

- with reference to rule no. 2.11.6. of the Code of Best Practice 2021, ACTION S.A. announces that this rule has been applied as of the Supervisory Board Report for 2021. The Supervisory Board had previously drawn up the Report of the Supervisory Board of ACTION S.A. on the results of the evaluation of the Management Board's report, the consolidated financial statement, the Management Board's request and information on the distribution of profit and the evaluation of the ACTION Capital Group's situation, in accordance with Article 382 § 3 of the Code of Commercial Companies and the requirements of the Code of Best Practice 2016. In view of the extension of the scope of the reports set out in this rule, the Supervisory Board shall include additional information to the extent indicated above from the 2021 report onwards.

- with reference to rule no. 3.3. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is not applied in the scope of appointing an internal auditor. On the other hand, the Supervisory Board and the Audit Committee assess whether there is a need to appoint an auditor. Internal control, risk management and compliance functions in the Company are performed by and with the involvement of the Controlling and Operational Support departments, process optimisation coordinators, ISO management systems and the Legal Department. In such a system, the Company strives to minimise risks characteristic of the industry/area in which it operates. Once a year, persons responsible for the internal control and risk management system submit to the management board and the supervisory board a report on the annual assessment of the functioning of the internal control and risk management system in the company. In the Company's opinion, this system complies with the principles of proportionality and adequacy in relation to individual needs, measured primarily by the size of the enterprise and type and scale of the Company's operations.

- with reference to rule no. 3.4. of the Code of Best Practice 2021, ACTION S.A. informs that the rule is not applied in the scope of making the remuneration conditional only on the performance of assigned tasks. In connection with the principles of the Company's internal control system, including the lack of an internal auditor, remuneration of persons responsible for risk management and compliance and internal audit are based on fixed and variable components of remuneration.

- with reference to rule no. 3.10. of the Code of Best Practice 2021, ACTION S.A. informs that in connection with the rules of the Company's internal control system, participation of persons holding substantive positions in the Company's structure, the Management Board, the Audit Committee, the Supervisory Board and the audit firm, as well as published reporting in this respect, the Company considers that this system complies with the principles of proportionality and adequacy in relation to individual needs, measured primarily by the size of the Company and the type and scale of its operations.
- with reference to rule no. 4.1. of the Code of Best Practice 2021, ACTION S.A. informs that, with respect to the use of electronic communication to broadcast General Meetings and real-time bilateral communication, currently the Company does not apply this rule. So far, the Company has not received any notifications from shareholders regarding their expectations of holding a general meeting of shareholders using electronic means of communication. The course of the meetings is recorded in the form of the minutes taken by a civil law notary, and later published on the Company's website (including at least the text of resolutions adopted and the voting results). In addition, the Company allows the media to attend the General Meeting. The Company allows for the exercise of a voting right at the General Meeting in person or through a proxy.
- with reference to rule no. 4.3. of the Code of Best Practice 2021, ACTION S.A. informs that the Company does not provide publicly available real-time broadcast of General Meetings. So far, the company has not received any notifications from shareholders as to their expectations of broadcasting the general meeting of shareholders.
- with reference to rule no. 4.8. of the Code of Best Practice 2021, ACTION S.A. informs that the rule is not applied in the scope of the 3-day period. Draft resolutions of the General Meeting on matters included in the agenda of the General Meeting are published by the Company in the form of a current report supplementing the agenda of the General Meeting and are published on the Company's website. The Company did not introduce a 3-day deadline for submitting draft resolutions by the shareholders, as Article 401 § 4 of the Commercial Companies Code does not provide for such a limitation. Pursuant to this provision, draft resolutions should be submitted before the date of the General Meeting.

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. In order to verify the issues discussed, the Supervisory Board carries out an analysis of the Company's situation at each meeting. 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 and the regulations on current and periodic information provided by issuers of securities in 2022.

#### **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%.

The Company's diversity policy is based primarily in following the principles of equal treatment and preventing all forms of discrimination, in belief that it brings tangible benefits and influences growth and innovation within the organisation. 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 2022, Action S.A. employed 558 people, an 8.4 per cent increase year-on-year. This trend is in line with the strategic assumptions directed at sustainable growth after the completion of the sanitation, according to which the employment structure is to be aligned with business development directions. In Action S.A., women account for approx. 37.2% of employees and men for approx. 62.8%. 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: women account for 40% and men account for 60%.

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

In general in 2022 and 2021, the employment broken down by the term of the employment agreement was as follows:

TYPE OF AGREEMENT	Number of employees in 2022	Number of employees in 2021
Agreement for an indefinite period of time	355	350
Agreement for a definite period of time	180	137
Agreement for a trial period	23	25
<b>Total</b>	<b>558</b>	<b>512</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 2022, 66 people were employed in Action S.A. on the basis of civil law agreements.

Civil law agreements: number and average remuneration in 2022 and 2021

Gender	2022		2021	
	Number of persons	Average gross remuneration in PLN	Number of persons	Average gross remuneration in PLN
Women	23	2636	34	2941

Men	43	3150	46	2983
<b>Total</b>	<b>66</b>	<b>2893</b>	<b>80</b>	<b>2962</b>

### Payroll

Average remuneration of employees working on the basis of the employment agreement broken down by gender in 2022 and 2021

	2022		2021	
Gender	Average gross remuneration in PLN	Number of persons	Average gross remuneration in PLN	Number of persons
Women	7843	208	7166	192
Men	8126	350	7317	320
Total	8020	558	7242	512

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 2022, Action S.A. employed 29 people with varying degrees of disability, accounting for 5.2% of the total staff. Since 2014, Action S.A. received a subsidy for salaries of employees with disabilities from the National Fund for the Rehabilitation of the Disabled (PFRON) due to the maintenance of employment of disabled people at the level of 6% in terms of total employment. In 2017, this share dropped to 5% due to the merger with subsidiaries which had not employed disabled people previously. The company is interested in increasing the employment of people with disabilities.

### 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. The information and news published is in the areas of strategy, business, marketing, human resources and organisational topics.

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

ACTION S.A., in order to minimise the risk of conflicts in the place of work, Regulations on internal reporting of violations of law and follow-up at ACTION S.A. have been created. The aforementioned regulations have been introduced on the basis of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of whistleblowers of Union law for the purpose of limiting damage to the public interest, taking follow-up action and ensuring balanced and effective protection of whistleblowers. The objective indicated above and popularization of the whistleblowing attitude are implemented by the Employer on the basis of 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 and protection programmes for persons who wish to report breaches internally. Elections were held for employee representatives and 3 persons representing employees were selected.

### 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. The Group ensures soft-skill and hard-skill training, both internally and externally. Training activities are planned for each year and, during the year, the plan is updated on an ongoing basis. Since 2005, language courses have been carried out (group and individual), depending on the employees' needs. The company also organises product training for employees from the Sales Division. The ACTION S.A. Capital Group, as one of the largest distributors with state-of-the-art logistic facilities, has focused on the development and training in this field.

In 2022, training courses on forklift authorisations or on updates and changes to customs regulations for 2022 were delivered.

In 2022, in addition to the standard training, we continued the training project 'Develop with Action', which included training in soft skills development such as training in handling difficult customers, follow up workshops with Leadership, Manager's ABC.

Training was also provided in the field of IT, after-sales service and marketing.

Improving the process of cost control and amendments to financial legislation, we send employees for training which will deepen their knowledge of the above-mentioned field. Our employees have also participated in tax and HR training courses, as well as training on "Tax deductible expenses – current issues and new interpretations for 2022".

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.

In 2022, in connection with the ACTION S.A. situation, the company organised internal language, induction and product training courses, and 48 specialist courses, in which more than 393 employees took part.

The ACTION S.A. Capital Group sees a potential risk in the area of human resources causing lack of work effectiveness and motivation as well as employees' insufficient competencies. In order to prevent the occurrence of this risk, each year appointed persons prepare the plan of specialist training, taking into account both the company's and the employees' needs. The current "Develop with Action" training project for improving employee skills will end in 2023.

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

Financial year 2022 was another, 16th 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 2022, 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).

There were no changes in the composition of the Supervisory Board during the last financial year, with 22.06.2022. The General Meeting of Shareholders of ACTION S.A. passed Resolution No. 13, by virtue of which it elected the Supervisory Board of the Company with its current composition for another term of office, covering the period from 20 July 2012 to 19 July 2025 (taking into account Article 386 §2 in connection with Article 369 §1 of the Code of Commercial Companies in the wording introduced by the Act of 9 February 2022 amending the Act – Code of Commercial Companies and certain other acts (Journal of Laws of 2022, item 807).

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 2022, the Supervisory Board held 6 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:

- ongoing analysis of the implementation process of the final agreement concluded in the Company's sanitation proceedings;
- analysing the effective functioning of the internal control, risk management, compliance and internal audit systems and functions;

- analysis of the Audit Committee's recommendation on the selection of the audit firm to audit the Company's and Capital Group's financial statements for 2022 and 2023;
- select a statutory auditor to statutory audit 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;
- analysing the conditions for the submission of statements pursuant to § 70 (1) (7), (8), (14) and § 71 (1) (7), (8) and (12) required by the Regulation 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 (Journal of Laws 2018, item 757) and submitting the above statements;
- analysis of financial statements and activities (separate and consolidated) for the financial year 2021;
- analysis of the report on the activities of the Audit Committee in the financial year 2021 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 2021;
- preparation of a remuneration report in accordance with Article 90 g. Act on public offers and conditions for the introduction of financial instruments into the organised trading system and on public companies for 2021;
- detailing the "Remuneration Policy" to the extent set out in Article 90d section 7 of the Act of 29 July 2005 on the public offer and the conditions for introducing financial instruments into the organised trading system and on public companies and item 12 of the Remuneration Policy with regard to cash and non-cash benefits for 2022;
- conducting a periodic assessment of transactions with related entities and approving the Management Board's report on the assessment of transactions with related entities;
- giving opinions on draft resolutions of the General Meeting of Shareholders;
- ongoing assessment of the Company's operations, its internal control systems as well as the activities and objectives of the Management Board and the Audit Committee;
- awarding additional remuneration to Management Board Members;
- analysing issues concerning the election of the Company's Supervisory Board for the next term;
- analysis of materials related to the amendment of the Code of Commercial Companies on the basis of the Act of 9 February 2022 amending the Act – Code of Commercial Companies and certain other acts;
- carrying out the election of the Vice-Chairman and Secretary of the Supervisory Board in connection with the election of Supervisory Board Members for the next term;
- appointment of the members of the Audit Committee of ACTION S.A. and its Chairperson for the next term of office;
- giving its consent to the Company taking up shares in the increased share capital of its affiliated company – KRAKVET MARKETING Sp. z o.o.;
- analysis of Management Board information provided to the Supervisory Board.

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 2022 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 above 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 26.10.2022 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 obliged 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 380<sup>1</sup> § 1 and 2 of the Code of Commercial Companies 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 2022 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 26.10.2022 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, 24 April 2023

Iwona Bocianowska .....

Piotr Chajderowski .....

Adam Świtalski .....

Krzysztof Kaczmarczyk .....

Marek Jakubowski .....