

Appendix to Resolution No. 5/2016 of the Supervisory Board of INTER CARS S.A. of May 19th 2016

Report of the Supervisory Board of Inter Cars S.A.

on its activities in 2015, along with the assessments prepared in accordance with the Code of Best Practice for WSE Listed Companies 2016.

The Supervisory Board of Inter Cars S.A. (the “**Company**”) submits to the General Meeting a report on its activities in the period **from January 1st 2015 to December 31st 2015**, along with the assessments prepared in accordance with the Code of Best Practice for WSE Listed Companies 2016. (“**WSE Best Practices**”).

I. Composition of the Supervisory Board

As at December 31st 2015, the composition of the Company's Supervisory Board was as follows:

- Andrzej Oliszewski – Chairman of the Supervisory Board,
- Jacek Klimczak – Member of the Supervisory Board,
- Michał Marczak – Member of the Supervisory Board,
- Piotr Płoszajski – Member of the Supervisory Board,
- Tomasz Rusak – Member of the Supervisory Board.

On May 26th 2014, the Annual General Meeting resolved that the Company's Supervisory Board of the fifth term of office would consist of five members. On the same day, the Annual General Meeting reappointed the following persons to the Supervisory Board of the new term: Andrzej Oliszewski, Jacek Klimczak, Michał Marczak, Maciej Oleksowicz and Piotr Płoszajski. The Annual General Meeting named Andrzej Oliszewski as Chairman of the Supervisory Board.

On July 15th 2015, the Company received a statement from Maciej Oleksowicz, a member of the Supervisory Board, whereby Mr Oleksowicz tendered his resignation from Supervisory Board, effective as of September 15th 2015.

On September 8th 2015, the Extraordinary General Meeting adopted a resolution to appoint Tomasz Rusak as member of the Supervisory Board for the current term of office, with effect as of September 15th 2015.

Currently, there are three members of the Supervisory Board who meet the criteria of independence from the Company and entities with material links to the Company pursuant to Annex II to the Commission Recommendation of February 15th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board; as well as the criteria specified in the WSE Best Practices; and the criteria of impartiality and independence specified in Art. 56.3.1, Art. 56.3.3 and Art. Art. 56.3.5 of the Act on Qualified Auditors and Their Self-Government.

In the reporting period, there were no separate committees of advisory or consultative nature within the Supervisory Board. Pursuant to the provisions of Art. 86.3 of the Act on Qualified Auditors and Their Self-Government, Entities Qualified to Audit Financial Statements and Public Supervision, dated May 7th 2009, as long as the Supervisory Board consists of not more than five members, the entire Supervisory Board performs tasks of the Audit Committee within the meaning of the Act; these tasks include: (i) monitoring the financial reporting process; (ii) monitoring the effectiveness of internal control, internal audit, and risk management systems; (iii) monitoring the performance of financial auditing activities; (iv) monitoring the independence of the qualified auditor and the entity qualified to audit financial statements, also where they provided the services referred to in Art. 48.2 of the Act.

II. Meetings of the Supervisory Board

In the reporting period, the Supervisory Board held four meetings, during which it adopted resolutions required under the applicable laws and regulations, and took positions on matters included in the agenda of the meetings. The meetings were held on May 12th, June 16th, September 16th and December 8th. All Supervisory Board members were present at the Supervisory Board meetings. The Supervisory Board meetings were also attended by members of the Management Board and other representatives of the Company, which enabled the Supervisory Board to obtain comprehensive answers and explanations on matters covered by the meetings' agendas. During the meetings, the Supervisory Board passed a number of resolutions, including resolutions to approve the dividend payment policy adopted by the Management Board and a resolution on the application by the Supervisory Board of recommendations and rules of the Code of Best Practice for WSE Listed Companies 2016. In the reporting period, the Supervisory Board also passed a resolution by written ballot to grant consent for the Company to acquire a real property in Kajetany.

The Supervisory Board also discussed other important matters presented by the Management Board, including, among others, monitoring the overall sales performance of the Group, supervising the progress of works related to the construction of the Logistics Centre in Zakroczym, or giving opinions on the rebranding process of Inter Cars.

III. Information on the performance of the obligations under the Commercial Companies Code, other laws and regulations, and the Company's Articles of Association

In the reporting period, the Supervisory Board exercised ongoing supervision over the Company's activities in each area of its business, remaining in direct contact with the Management Board. The Supervisory Board assessed, among other things, the Company's economic standing, financial liquidity and ability to settle liabilities. The Supervisory Board also considered opportunities for and methods of further development of the Company. As part of the supervision over the Inter Cars Group, the Supervisory Board analysed development prospects and current financial results of the Group companies. The Board issued opinions on the Group's business plans, budgets and strategic objectives, analysed the management methods and current financial condition of the Company, and discussed the implementation and delivery of the budget and material projects.

Within the prescribed deadline, the Supervisory Board assessed the Directors' Report on the Company's and the Inter Cars Group's operations in 2014, the Management Board's proposal concerning distribution of profit for 2014, as well as the separate and consolidated financial statements for the financial year 2014, and submitted a written report on results and findings of the assessment to the General Meeting.

The Supervisory Board also adopted a brief assessment of the Company's standing in accordance with the corporate governance policy applied by the Company.

In the reporting period, the Supervisory Board did not exercise its powers under Art. 383 of the Commercial Companies Code, i.e. it did not suspend, for good reason, any or all members of the Management Board, nor did it delegate Supervisory Board members to temporarily perform the duties of Management Board members.

The Supervisory Board operates in accordance with the corporate governance rules set out in the WSE Best Practices. In 2015, there were no instances of non-compliance of the Supervisory Board with the corporate governance policy applied by the Company.

IV. Assessment of work of the Supervisory Board

In the financial year from January 1st 2015 to December 31st 2015, the Supervisory Board, acting conscientiously and with due diligence, performed its duties stipulated in the Articles of Association and the Rules of Procedure for the Supervisory Board.

The role of the Supervisory Board is to exercise ongoing supervision over the Company's activities in each area of its business, in accordance with the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure for the Supervisory Board adopted by the General Meeting. Other key objectives of the Supervisory Board's efforts are to supervise the Company's Management Board and monitor its activities, and to ensure stability of the Company, its controlled development and strengthening of its market position.

Taking into account the activities and involvement of the Supervisory Board, and based on the findings discussed above and the Board's general activity in 2015, the Board is of the opinion that in the reporting period the Supervisory Board fulfilled its statutory duties in a proper manner and for the benefit of the Company. In 2015, the Supervisory Board exercised effective and efficient supervision over the Company, and its cooperation with the Management Board was good and properly organised. Therefore, we move that the members of the Supervisory Board be granted discharge in respect of performance of their duties in the reporting period.

V. Assessment of the Company's standing, including evaluation of its internal systems and functions

This evaluation is the Supervisory Board's assessment of the Company's standing and includes evaluation of the Company's internal control, risk management and compliance systems and the internal audit function, in accordance with the Company's corporate governance policy. The Supervisory Board performed the assessment on the basis of the Directors' Reports on the Company's and the Inter Cars Group's operations in 2015, the separate and consolidated financial statements for 2015, as well as information obtained by the Supervisory Board while performing its duties.

A. Assessment of the Company's standing

The Supervisory Board issues a positive opinion on the Management Board's achievements in 2015, which should be viewed as a good period for the entire Inter Cars Group.

In 2015, the Inter Cars Group generated revenue in excess of PLN 4.7 billion (a 21% increase year on year) and a net profit of PLN 151 million.

In 2015, the Group opened 44 new branches, and as at December 31st 2015, the sales network comprised a total of 374 branches (2014: 330), including 183 locations in Poland and 191 locations on foreign markets (2014: 169 and 161, respectively).

In the opinion of the Supervisory Board, the results in 2015 were mainly driven by further expansion of the product offering, particularly in the markets of parts for heavy goods vehicles and tyres. Expanding the offering through the development of new segments stimulates the Company's dynamic growth and builds potential for the future. The examples of the tyre and truck segments demonstrate that continuous analysis of the market environment, ability to modify the strategy and resolve in their pursuit, supported by the Company's solid foundations (efficient logistics, an extensive network of branches, and financial stability) accelerate market consolidation.

In 2015, the Group increased its capital expenditure on sales support and marketing. The significant increase in sales also led to a further rise in selling costs, including costs of logistics, marketing and IT.

The Supervisory Board positively assesses the Group's growth in Poland and abroad. The average growth of sales by the distribution companies is 38%. They not only benefit from the growth of local markets, but also gain market shares at the expense of their competitors. This contributes directly to the strengthening of Inter Cars's leading position in Central and Eastern Europe. The Supervisory Board also positively assesses the financial results of all Group companies in 2015.

The Group is expanding its warehousing capacity to support the continued development of the distribution network and of the offering. In 2015, work was carried out to increase the operating capacity

of the logistics centre in Sosnowiec and in Komorniki. In a short-term, the main investment task is to complete the construction of a new Logistics Centre in Zakroczym. In the opinion of the Supervisory Board, these investments help the Group to build its competitive advantage.

The Supervisory Board also positively assesses the Motointegrator project, which is a source of the Group's competitive advantage in the market. The project involves a telephone- and Internet-based platform for individual drivers and fleet owners, to help them purchase automotive services and products at car service centres authorised by the Company.

The Supervisory Board would like to emphasise that apart from distribution of parts and automotive products, the Inter Cars Group is also engaged in a manufacturing activity closely related to the automotive industry, which expands the distribution network's value chain.

Lauber Sp. z o.o., engaged in regeneration of automotive parts and subassemblies, and Feber Sp. z o.o., a manufacturer of semi-trailers, are positive contributors to the Group's financial results.

The Supervisory Board also has a positive view of Inter Cars S.A.'s economic standing, as the Company has maintained both its financial liquidity and the ability to meet its liabilities. Assessment of the Company's financial statements for 2015, the Directors' Report on the Company's operations in 2015 and the Management Board's proposal regarding distribution of the Company's net profit for 2015 is presented in a separate report of the Supervisory Board.

B. Assessment of the internal audit, risk management and compliance systems, and of the internal audit function

The Company does not fully comply with the WSE Best Practices with respect to the implementation and maintenance of efficient internal control, risk management and compliance systems, as well as maintenance of the internal audit function. The internal control and risk management systems are dispersed and are maintained to a large extent by the Finance Division and the Operating Division, as described below.

In the case of the compliance system, certain elements of the system have already been implemented in selected areas of the organisation. As a result, the Company's compliance with the law is monitored on an ongoing basis at the Management Board level, with particular business unit involved in the process.

No separate internal audit function has been established at the Company. The Supervisory Board monitors on an ongoing basis whether there is an actual need for establishing such a function within the organisation. In the opinion of the Supervisory Board, there is currently no need for such unit to be established at the Company.

The Supervisory Board reviews the internal audit and risk management systems on an ongoing basis, which includes assessment of the process of preparation of separate and consolidated financial statements. The assessment is based on information provided by the Company's Management Board and the Chief Financial Officer. The Supervisory Board also assesses components of the compliance system on an ongoing basis, with the assessment based on information provided by the Company's Management Board and the Legal Counsel.

Financial statements and periodic reports are prepared in accordance with the applicable laws and the Company's accounting policies by the Chief Financial Officer, and are reviewed on an ongoing basis by the Management Board, which is responsible for the accuracy and consistency of information disclosed by the Company, and for the applied accounting policies. Financial statements are prepared exclusively by persons having access to relevant financial data. All financial data contained in the financial statements and interim reports are sourced from the financial and accounting system, where all business events are recorded in accordance with the Company's accounting policies (approved by the Management Board), based on International Accounting Standards and International Financial

Reporting Standards. The Company continuously monitors changes to the regulatory framework and regulations applicable to stock exchange reporting, and makes preparations sufficiently in advance to incorporate any required changes.

Once approved by the Management Board, the financial statements are reviewed or audited by an independent auditor appointed by the Supervisory Board from among reputed auditing firms. Based on circumstances identified during the audit of financial statements, the Finance Division, acting in communication with the auditor, attempts to formulate recommendations on how to enhance the Company's internal control system, for possible implementation.

The Finance Division and Division Heads prepare periodic management information reports, including analyses of key financial data and operating indicators of the business segments, and submit them to the Management Board.

In view of the above, the Supervisory Board gives a positive opinion on the Company's internal control, risk management and compliance systems.

VI. Assessment of the Company's compliance with corporate governance requirements as specified in the Stock Exchange Rules and in the statutory regulations governing current and periodic information to be published by issuers of securities

In the opinion of the Supervisory Board, the Company has made every effort to ensure application of and due compliance with the disclosure requirements imposed by law and other regulations. To ensure transparency and effectiveness of its disclosure policy, the Company provided the shareholders, analysts and investors with swift and reliable access to relevant information.

The Company fully complied with the statutory disclosure requirements where they apply to current and periodic reports. In 2015, the Company published 31 current reports, 5 periodic reports and one corporate governance report. All reports are available on the Company's website at <http://inwestor.intercars.com.pl/pl/>, in the "Reports" and "Corporate Governance" sections.

On January 4th 2016, the Company published a report on the scope of application of recommendations and principles set out in the WSE Best Practices effective as of January 1st 2016.

In the Supervisory Board's opinion, the information disclosed by the Company is compliant with the relevant requirements and gives a true and fair view of the application of the corporate governance policy.

VII. Assessment of the reasonableness of the Company's charitable giving and sponsorship policies

The Company has no defined policy on sponsorship and charitable activities. However, the Company supports sports activities and runs educational programmes for school children, and supports charity initiatives.

To date, the Company has sponsored athletes in such disciplines as car racing, cycling, and volleyball.

The Company, in partnership with automotive vocational schools, also runs an educational programme for young students. As part of the initiative, the Company, among other things, provides selected schools with modern equipment for vehicle repair and diagnostics, and holds theoretical training sessions.

Moreover, the Company supports the children's ward of the hospital in Dziekanów Leśny, in particular the school which operates at the hospital.

Although the Company does not have a defined sponsorship and charitable giving policy, the Supervisory Board evaluates the Company's activities in this area as reasonable and desirable, to a significant extent related to its involvement in the education of school youth.

In the future, the Company may also develop a sponsorship and charitable policy document, which would reflect the Company's activities in this respect.

VIII. Final considerations

In the opinion of the Supervisory Board, the Management Board used all reasonable effort to ensure delivery of good financial results by the Inter Cars Group. Therefore, the Supervisory Board positively assesses the Management Board's efforts to further the Company's and the Inter Cars Group's key strategic objectives. The Supervisory Board recommends that the General Meeting grant discharge to all members of the Company's Management Board in respect of their duties in 2015.

Supervisory Board of Inter Cars S.A.