

**REPORT ON THE REMUNERATION OF MEMBERS OF THE  
MANAGEMENT BOARD AND SUPERVISORY BOARD OF INTER  
CARS S.A. OF WARSAW**

**I. INTRODUCTION**

This report on the remuneration (the "**Report**") of members of the Management and Supervisory Boards of Inter Cars S.A. (the "**Company**") was prepared by the Company's Supervisory Board pursuant to Art. 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (consolidated text: Dz. U. of 2021, item 1983, as amended) (the "**Act**").

This Report covers the financial year 2021 and thus presents the Management Board and Supervisory Board members' remuneration, including any changes therein, in that year exclusively. In 2021, there were no changes in the composition of the Company's Management Board or Supervisory Board.

The Group of Inter Cars S.A. (the "**Inter Cars Group**") is the largest independent European distributor of spare parts for vehicles, operating a standardised logistics network, product management area, and controlling and business support functions spanning more than ten countries. In each country where the Group is present it has independent structures handling sales and local marketing activities. The role of the Company's headquarters in Poland, i.e. the Company, is to coordinate the activities of the Inter Cars Group subsidiaries and to conduct other operating activities. This produces numerous synergies and facilitates knowledge transfer between various entities of the Inter Cars Group.

The Inter Cars Group's robust sales performance in 2021 is a clear indication of continued, unexpectedly strong growth in the automotive aftermarket spare parts industry. In 2021, revenue came in at PLN 12.2bn, up 33.7% year on year. As revenue rose markedly faster than costs, the Inter Cars Group's financial performance improved significantly, with profit margin reaching a record high of 5.7% (vs 3.6% in 2020).

The revenue growth and the 110% year-on-year increase in net profit for 2021 were largely driven by a fast-paced growth in demand for automotive spare parts throughout 2021, which was primarily attributable to a decline in new vehicle output due to semiconductor shortages and a corresponding rise in demand for second-hand cars. The Inter Cars Group ensured continuity of supplies to customer workshops through its extended distribution network, supported by a highly diversified supplier base and, consequently, a broad product offering, which allowed the Group to mitigate the risks of supply chain disruptions and merchandise unavailability.

The increase in revenue was also driven by higher selling prices caused by rising inflation in all the geographies where the Inter Cars Group operates. The increasing rate of inflation coupled with an economic recovery led to a temporary effect of revenue significantly outpacing costs.

Despite the ongoing COVID-19 pandemic in 2021, the Group continued its operations in all of its geographies. As at the end of 2021, the Group's distribution network in Europe comprised 578 branches (points of sale), including 240 in Poland and 338 abroad. In 2021, the Group's foreign subsidiaries opened a total of 21 new branches.

The amounts in the tables contained in this Report are rounded to the nearest integer.

## **II. TOTAL REMUNERATION, INCLUDING REMUNERATION FROM THE INTER CARS GROUP COMPANIES**

The tables in points A. and B. below present the total remuneration of members of the Company's Management Board and Supervisory Board for the financial year 2021, broken down into the components referred to in Art. 90d.3.1 of the Act, i.e. taking into account fixed and variable components of remuneration, as well as bonuses and other monetary or non-monetary benefits which may be granted to members of the Management and Supervisory Boards, and the relative proportions between these components.

The tables in points A. and B. include figures for the remuneration paid in 2021 or payable (in the case of variable remuneration components) for that period. Variable remuneration for 2021 was determined based on the Inter Cars Group's estimated net profit of PLN 699m.

The Company has in place a remuneration policy for members of the Company's Management Board and Supervisory Board as adopted on June 8th 2020 by the Annual General Meeting (Resolution No. 20; the "**Remuneration Policy**"), whose objectives are to:

- (i) ensure the efficiency and transparency of remuneration;
- (ii) support the business strategy, long-term interests and stability of the Company and the Inter Cars Group, including through the introduction of a performance-based incentive scheme for the Management Board members, linked to the financial performance of the Inter Cars Group and specifying the minimum levels of the Inter Cars Group's financial performance below which the bonus is not paid;
- (iii) prevent conflicts of interest, including through the introduction of transparent and comprehensive rules for determining the components of remuneration and their amounts, and the rules for granting the annual bonus, thus ensuring internal coherence and correctness with respect to conduct and performance;
- (iv) appropriately motivate and build commitment to the Company.

The remuneration system adopted in the Remuneration Policy is based on fixed and variable remuneration components linked to the performance of the Inter Cars Group as a whole and the implementation of the Inter Cars Group's strategy, which is intended to promote commitment to the Company's and the Inter Cars Group's long-term growth.

#### **A. TOTAL REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD**

Remuneration of Management Board members is paid on the basis of a resolution of the Supervisory Board. In accordance with the Remuneration Policy, remuneration of Management Board members may consist of:

- (i) fixed base pay under an employment contract;

- (ii) fixed base pay for serving on the Company's Management Board;
- (iii) variable component in the form of additional cash remuneration granted under the incentive scheme adopted pursuant to Supervisory Board Resolution No. 21/2017 of June 26th 2017 (the "**Incentive Scheme**"); the variable remuneration may not be higher than 85% of the total amount of all remuneration components received by a Management Board member in a given year);
- (iv) severance and compensation payments;
- (v) additional non-cash benefits.

Fixed base pay under an employment contract is paid to each member of the Management Board for a given month by the last business day of that month. Fixed base pay for serving on the Company's Management Board is paid to each eligible member of the Management Board for a given month by the last business day of that month.

If a member of the Management Board serves on the governing bodies of subsidiaries, their remuneration under the employment contract and for serving on the Company's Management Board is reduced accordingly.

Management Board members may participate in the Employee Capital Plan on the terms applicable to all Company employees in accordance with generally applicable laws. In 2021, none of the Management Board members participated in the Employee Capital Plan.

No additional pension plans or early retirement plans are available to the Management Board members.

The bonus system provided for in the Incentive Scheme is based on a regression model, where the bonus base is determined as a percentage of the Inter Cars Group's consolidated net profit shown in the audited financial statements of the Inter Cars Group.

The cash bonus for a given financial year is paid within 30 days of the date of approval by the Annual General Meeting of the Inter Cars Group's consolidated financial statements for that financial year. Advance payments towards bonuses may be made in accordance with the conditions specified in the Incentive Scheme.

Full name and position	Fixed remuneration (PLN '000)		Variable remuneration due <sup>1</sup> (bonus) (PLN '000)	Remuneration from Group companies other than the Company (PLN '000)	Additional benefits <sup>2</sup> (PLN '000)	Severance and compensation payments (PLN '000)	Proportion of fixed remuneration <sup>3</sup> to other remuneration components	Total (PLN '000)
	Under employment contract	For serving on the Management Board						
<b>Maciej Krzysztof Oleksowicz</b> President of the Management Board	120	600	2,980*	0	3	0	24%	3,703
<b>Krzysztof Soszyński</b> Vice President of the Management Board	120	600	2,980*	0	5	0	24%	3,705
<b>Wojciech Tadeusz Twaróg</b> Member of the Management Board	120	0	635*	2,918** <sup>4</sup>	5	0	24%	3,678
<b>Piotr Dariusz Zamora</b> Member of the Management Board	120	0	635*	2,923** <sup>5</sup>	5	0	24%	3,683

<sup>1</sup>Variable remuneration due for 2020 which was paid in 2021 is not included in this Report.

<sup>2</sup>'Additional benefits' include use of a business car for private purposes.

<sup>3</sup> Including fixed remuneration received from Group companies other than the Company

<sup>4</sup> Remuneration from Inter Cars Malta Limited, including base pay: PLN 600 thousand for 2021 + estimated bonus of PLN 2,318 thousand.

<sup>5</sup> Remuneration from Inter Cars Malta Limited, including base pay: PLN 600 thousand for 2021 + estimated bonus of PLN 2,323 thousand.

\*Variable remuneration for 2021 was determined based on the Inter Cars Group's estimated net profit of PLN 699m for the year. The Supervisory Board's resolution to pay variable remuneration has not yet been passed; however, on November 29th 2021 the Supervisory Board resolved to pay advances of 75% of the expected amounts of the cash bonuses due to the members of the Management Board for 2021 towards those bonuses.

## **B. TOTAL REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD**

Remuneration of Supervisory Board members is paid on the basis of a resolution of the Company's General Meeting. In accordance with the Remuneration Policy, remuneration of Supervisory Board members may consist of the following components:

- (i) fixed base pay for serving on the Company's Supervisory Board;
- (ii) fixed base pay for serving on the Audit Committee or another committee of the Company's Supervisory Board (where a member of the Supervisory Board has been appointed to such committee);
- (iii) fixed base pay under the employment contract, if the Supervisory Board member has such employment contract with the Company.

Supervisory Board members may participate in the Employee Capital Plan on the terms applicable to all Company employees in accordance with generally applicable laws. In 2021, the following Supervisory Board members participated in the Employee Capital Plan: Radosław Jan Kudła (for whom the Company in 2021 contributed a total of PLN 1,440.00), Jacek Marek Klimczak (for whom the Company in 2021 contributed a total of PLN 720.00), and Tomasz Rusak (for whom the Company in 2021 contributed a total of PLN 720.00). The other members of the Supervisory Board did not participate in the Employee Capital Plan.

No additional pension plans or early retirement plans are available to the Supervisory Board members.

Full name and position	Fixed remuneration (PLN '000)			Remuneration from Group companies other than the Company  (PLN '000)	Total (PLN '000)
	Under employment contract	For serving on the Supervisory Board	For serving on the Audit Committee		
<b>Andrzej Aleksander Oliszewski</b> Chairman of the Supervisory Board	34	60	48	0	142
<b>Jacek Marek Klimczak</b> Member of the Supervisory Board	0	48	0	0	48
<b>Piotr Zbigniew Płoszajski</b> Member of the Supervisory Board	0	48	60	0	108
<b>Tomasz Rusak</b> Member of the Supervisory Board	0	48	0	0	48
<b>Radosław Jan Kudła</b> Member of the Supervisory Board	0	48	48	0	96
<b>Jacek Tomasz Podgórski</b> Member of the Supervisory Board	0	48	48	0	96

### III. CONSISTENCY OF THE TOTAL REMUNERATION OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS, RESPECTIVELY, WITH THE REMUNERATION POLICY

Remuneration of members of the Management and Supervisory Boards is in line with the Remuneration Policy, which, as indicated in Section II of this Report, supports implementation of the business strategy, long-term interests and stability of the Company and the Inter Cars Group.

In particular, the introduction of a performance-based incentive scheme for the Management Board members, providing for the minimum levels of the Inter Cars Group's financial performance below which the bonus is not paid:

- (i) promote reasonable business decisions that take into account market environment and socio-economic conditions;
- (ii) tie the interests of Management Board members to those of the shareholders and, consequently, contribute to stability and good condition of the Inter Cars Group.

On the other hand, the fact that the remuneration of Supervisory Board members is based on fixed components contributes to ensuring their independence, which has a positive effect on the quality of their supervision.

#### **IV. APPLICATION OF THE PERFORMANCE-BASED CRITERIA**

In the case of members of the Management Board, the variable remuneration component in the form of additional cash remuneration granted under the Incentive Scheme was determined based on the Inter Cars Group's performance (as a percentage of the Inter Cars Group's consolidated net profit shown in the audited financial statements of the Inter Cars Group). The fixed remuneration is paid irrespective of the Company's performance.

Remuneration of Supervisory Board members is not dependent on the Company's performance.

#### **V. CHANGES IN REMUNERATION (ON AN ANNUAL BASIS), THE COMPANY'S PERFORMANCE AND AVERAGE REMUNERATION OF THE COMPANY'S EMPLOYEES WHO ARE NOT MEMBERS OF THE MANAGEMENT BOARD OR SUPERVISORY BOARD**

The tables below present, on a comparative basis, year-on-year changes in the remuneration, the Company's performance and average remuneration of the Company's employees who are not members of the Management Board or Supervisory Board.

The comparison covers the years 2019–2021. Pursuant to Art. 90g.3 of the Act, information for the years in respect of which the reporting requirement did not apply has been omitted.



	2019	2020	2021	% change 2019/2020	% change 2020/2021
<b>MEMBERS OF THE MANAGEMENT BOARD</b> (total remuneration in PLN '000)					
<b>Maciej Krzysztof Oleksowicz</b> President of the Management Board	1,754	2,279	3,703	30%	62%
<b>Krzysztof Soszyński</b> Vice President of the Management Board	1,757	2,281	3,705	30%	62%
<b>Wojciech Tadeusz Twaróg</b> Member of the Management Board	1,729	2,252	3,678	30%	63%
<b>Piotr Dariusz Zamora</b> Member of the Management Board	1,734	2,258	3,683	30%	63%
<b>MEMBERS OF THE SUPERVISORY BOARD</b> (total remuneration in PLN '000)					
<b>Andrzej Aleksander Oliszewski</b> Chairman of the Supervisory Board	135	139	142	3%	2%
<b>Jacek Marek Klimczak</b> Member of the Supervisory Board	96	81	48	-15%	-41%

<b>Piotr Zbigniew Płoszajski</b> Member of the Supervisory Board	108	108	108	0%	0%
<b>Tomasz Rusak</b> Member of the Supervisory Board	48	48	48	0%	0%
<b>Radosław Jan Kudła</b> Member of the Supervisory Board	26	63	96	143%	52%
<b>Jacek Tomasz Podgórski</b> Member of the Supervisory Board	50	96	96	90%	0%
<b>COMPANY EMPLOYEES</b>					
<b>Average annual remuneration per full-time equivalent for employees who are not members of the Management Board or Supervisory Board (PLN '000)</b>	92	98	116	6%	18%
<b>THE COMPANY'S PERFORMANCE (PLN million)</b>					
<b>Company's gross profit</b>	180	325	591	+81%	+82%
<b>Company's net profit</b>	155	223	482	+44%	+117%

<b>Company's SG&amp;A /revenue</b>	12.6%	11.6%	10.6%	-1.0pp <sup>6</sup>	-1.0pp <sup>7</sup>
<b>Group's gross profit</b>	279	444	877	+59%	+97%
<b>Group's net profit</b>	227	334	700	+47%	+110%
<b>Group's SG&amp;A /revenue</b>	14.9%	13.5%	12.8%	-1.4pp <sup>8</sup>	-0.7pp <sup>9</sup>

## VI. INFORMATION ON FINANCIAL INSTRUMENTS GRANTED OR OFFERED

In 2021, no financial instruments were granted or offered to members of the Management or Supervisory Boards.

In accordance with the Remuneration Policy, the Company does not grant remuneration to members of the Management or Supervisory Board in the form of financial instruments (Section 3.6 and Section 5.7 of the Remuneration Policy).

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<sup>6</sup> percentage points

<sup>7</sup> percentage points

<sup>8</sup> percentage points

<sup>9</sup> percentage points

## **VII. INFORMATION ON THE EXERCISE OF THE RIGHT TO DEMAND THE RETURN OF VARIABLE REMUNERATION**

The Company does not have the right to demand the return of variable remuneration from members of the Management Board (Section 4.7 of the Remuneration Policy). Members of the Supervisory Board are not entitled to variable remuneration (Sections 5.1 to 5.5 of the Remuneration Policy).

## **VIII. DEROGATIONS FROM THE PROCEDURE FOR IMPLEMENTING THE REMUNERATION POLICY AND DEROGATIONS FROM ART. 90F OF THE ACT**

No derogations from the procedure for implementing the Remuneration Policy or from Art. 90f of the Act have been applied.

## **IX. IMPLEMENTATION OF THE GENERAL MEETING'S RESOLUTION CONTAINING AN OPINION ON THE REMUNERATION REPORT**

Acting pursuant to Art. 90g.6 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005, on May 27th 2021 the Annual General Meeting of the Company gave a positive opinion on the Report on the Remuneration of Members of the Management Board and Supervisory Board of the Company for the financial years 2019 and 2020.