

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 2020, item 2080, as amended) (the "**Act**").

This Report covers the financial years 2019 and 2020. Information on previous financial years (in respect of which the reporting requirement did not apply) has been omitted pursuant to Art. 90g.3 of the Act.

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.

In the 12 months of 2020, the main factor driving the Inter Cars Group's revenue and profit was the fight against the consequences of the SARS-CoV-2 pandemic, including in particular a decrease in sales driven by lower market demand in Poland. Despite a sudden drop in sales at the end of the first quarter, the Inter Cars Group's result was 47% higher than in 2019. At the end of the reporting period, Italy was the only market where year-on-year revenue growth dynamics were still negative. Sales growth in other countries relative to the 12 months of 2019 was positive, which means that the sales downtrend seen at the beginning of the pandemic was reversed. In 2020, revenue grew 4.5%, to PLN 9.2bn.

Having analysed the threats associated with the SARS-CoV-2-driven decline in sales, the Company's Management Board promptly decided to reduce operating expenses, which included suspending projects, downscaling marketing activities, and cutting the number of FTEs and working hours. The Inter Cars Group's profitability was maintained at a sound level of 3.6% (2.6% in the corresponding period of 2019). As at the end of 2020, the Group's distribution network in Europe comprised 561 branches (points of sale), including 240 in Poland and 321 abroad.

The Group saw an almost 10.3% year-on-year increase in revenue in 2019, driven by the expansion of its operations and the geographical reach of the sales network.

In 2019, the Group opened 14 new branches (points of sale) (one was closed down), and as at December 31st 2019 its sales network comprised 561 branches (points of sale) (2018: 548), including 248 locations in Poland and 313 locations on foreign markets.

The Group's gross profit went up by over 11.8% year on year in 2019. Net profit for 2019 was PLN 227m, up 1.8% year on year.

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 years 2019 and 2020, 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 2019 and 2020 or payable (in the case of variable remuneration components) for that period. Variable remuneration for 2020 was determined based on the Inter Cars Group's estimated net profit of PLN 333m.

On June 8th 2020, the Company's Annual General Meeting adopted a remuneration policy for members of the Company's Management Board and Supervisory Board (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.

A.1 prior to the adoption of the Remuneration Policy

Until the Remuneration Policy was adopted, the monthly remuneration of Management Board members could consist of:

- (i) monthly pay for serving on the Company's Management Board;
- (ii) monthly pay under an employment contract; (iii) severance and compensation payments.

At the same time, if a member of the Management Board served on the governing bodies of subsidiaries, their remuneration under the employment contract and for serving on the Company's Management Board was reduced accordingly.

In addition, Management Board members could receive bonuses under the incentive scheme adopted pursuant to Supervisory Board Resolution No. 21/2017 of June 26th 2017 (the "**Incentive Scheme**"). The decision on bonus payment was made by the Supervisory Board by way of a resolution.

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.

A.2 after the adoption of the Remuneration Policy

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;

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- (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 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.

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 2019 and 2020, 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.

Full name and position	Reporting period	Fixed remuneration (PLN '000)		Variable remuneration due (bonus) (PLN '000) ¹	Remuneration from Group companies other than the Company (PLN '000)	Additional benefits* (PLN '000)	Severance and compensation payments (PLN '000)	Proportion of fixed remuneration ² to other remuneration components	Total (PLN '000)
		Under employment contract	For serving on the Management Board						
Maciej Krzysztof Oleksowicz President of the Management Board	2019	120	360	1,272	-	3	-	38%	1,754
	2020	113	361	1,802	-	3	-	26%	2,279
Krzysztof	2019	120	360	1,272	-	5	-	38%	1,757

¹ Variable remuneration for 2020 was determined based on the Inter Cars Group's estimated profit of PLN 333m. The Supervisory Board's resolution to pay variable remuneration has not yet been passed.

² Including fixed remuneration received from Group companies other than the Company

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Soszyński Vice President of the Management Board	2020	113	361	1,802	-	5	-	26%	2,281
Robert Kierzek ³ Member of the Management Board	2019	-	-	-	-	-	212	0%	212
	2020	-	-	-	-	-	-	-	-
Krzysztof Oleksowicz ⁴ Member of the Management Board	2019	120	672	-	-	5	-	100%	797
	2020	-	-	-	-	-	-	-	-
Tomáš Kaštil ⁵ Member of the Management Board	2019	-	120	382	1,250 ⁶	-	-	38%	1,752
	2020	-	77	1,201	219 ⁷	-	458	18%	1,956

³ Served as Vice President of the Management Board until June 21st 2018.

⁴ Served as member of the Management Board until December 31st 2019.

⁵ Served as member of the Management Board until August 31st 2020.

⁶ Total remuneration for serving on the Management Board of Inter Cars Česká republika s.r.o. (fixed remuneration: 30) and Inter Cars Bulgaria Ltd (fixed remuneration: 330 + bonus of 890.2)

⁷ Total remuneration for serving on the Management Board of Inter Cars Česká republika s.r.o. (fixed remuneration: 20) and Inter Cars Bulgaria Ltd (fixed remuneration: 199)

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Wojciech Tadeusz Twaróg Member of the Management Board	2019	120	-	373	1,231 ⁸	5	-	38%	1,729
	2020	113	-	532	1,602 ⁹	5	-	27%	2,252
Piotr Dariusz Zamora Member of the Management Board	2019	120	-	375	1,235 ¹⁰	5	-	38%	1,734
	2020	113	-	534	1,607 ¹¹	5	-	27%	2,258

* The item 'Additional benefits' includes: use of a business car for private purposes.

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.

B.1 prior to the adoption of the Remuneration Policy

Until the Remuneration Policy was adopted, the monthly remuneration of the Supervisory Board members could consist of:

- (i) monthly pay for serving on the Company's Supervisory Board; and
- (ii) additionally, in the case of members serving on the Audit Committee of the Supervisory Board, monthly pay for serving on the Audit Committee.

B.2 after the adoption of the Remuneration Policy

⁸ Total remuneration for serving on the Management Board of Inter Cars Malta Limited (fixed remuneration: 360 + bonus of 871)

⁹ Total remuneration for serving on the Management Board of Inter Cars Malta Limited (fixed remuneration: 359 + bonus of 1,242)

¹⁰ Total remuneration for serving on the Management Board of Inter Cars Malta Limited (fixed remuneration: 360 + bonus of 875)

¹¹ Total remuneration for serving on the Management Board of Inter Cars Malta Limited (fixed remuneration: 361 + bonus of 1,246)

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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 2019 and 2020, the following Supervisory Board members participated in the Employee Capital Plan: Radosław Jan Kudła, Jacek Marek Klimczak, and Tomasz Rusak. 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	Reporting period	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		
Andrzej Aleksander Oliszewski Chairman of the Supervisory Board	2019	27	60	48	-	135
	2020	31	60	48	-	139

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Michał Marczak ¹² Member of the Supervisory Board	2019	-	22	-	-	22
	2020	-	-	-	-	-
Jacek Marek Klimczak Member of the Supervisory Board	2019	-	48	48	-	96
	2020	-	48	33	-	81
Piotr Zbigniew Płoszajski Member of the Supervisory Board	2019	-	48	60	-	108
	2020	-	48	60	-	108
Tomasz Rusak Member of the Supervisory Board	2019	-	48	-	-	48
	2020	-	48	-	-	48
Radosław Jan Kudła ¹³ Member of the Supervisory Board	2019	-	26	-	-	26
	2020	-	48	15	-	63

¹² Served as member of the Supervisory Board until June 17th 2019.

¹³ Served as member of the Supervisory Board from June 17th 2019.

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Jacek Tomasz Podgórski¹⁴ Member of the Supervisory Board	2019	-	26	25	-	50
	2020	-	48	48	-	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.

¹⁴ Served as member of the Supervisory Board from June 17th 2019.

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 and 2020. 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	% change
MEMBERS OF THE MANAGEMENT BOARD (total remuneration in PLN '000)			
Maciej Krzysztof Oleksowicz President of the Management Board	1,754	2,279	30%

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Krzysztof Soszyński Vice President of the Management Board	1,757	2,281	30%
Robert Kierzek¹⁵ Member of the Management Board	212	-	not applicable
Krzysztof Oleksowicz¹⁶ Member of the Management Board	797	-	not applicable
Tomáš Kaštil¹⁶ Member of the Management Board	1,752	1,956	12%
Wojciech Tadeusz Twaróg Member of the Management Board	1,729	2,252	30%
Piotr Dariusz Zamora Member of the Management Board	1,734	2,258	30%
MEMBERS OF THE SUPERVISORY BOARD (total remuneration in PLN '000)			

¹⁵ Served as member of the Management Board until June 21st 2018.¹⁶ Served as member of the Management Board until December 31st 2019.

¹⁶ Served as member of the Management Board until August 31st 2020.

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Andrzej Aleksander Oliszewski Chairman of the Supervisory Board	135	139	3%
Michał Marczak ¹⁷ Member of the Supervisory Board	22	-	not applicable
Jacek Marek Klimczak Member of the Supervisory Board	96	81	-15%
Piotr Zbigniew Płoszajski Member of the Supervisory Board	108	108	0%
Tomasz Rusak Member of the Supervisory Board	48	48	0%
Radosław Jan Kudła ¹⁸ Member of the Supervisory Board	26	63	143%
Jacek Tomasz Podgórski ¹⁹ Member of the Supervisory Board	50	96	90%

¹⁷ Served as member of the Supervisory Board until June 17th 2019.

¹⁸ Served as member of the Supervisory Board from June 17th 2019.

¹⁹ Served as member of the Supervisory Board from June 17th 2019.

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COMPANY EMPLOYEES			
Average remuneration per full-time equivalent for employees who are not members of the Management Board or Supervisory Board (PLN '000)	92	98	6%
THE COMPANY'S PERFORMANCE (PLN million)			
Company's gross profit	180	325	+81%
Company's net profit	155	223	+44%

Company's SG&A /revenue	12.6%	11.6%	-1.0pp ²⁰
Group's gross profit	279	444	+59%
Group's net profit	227	334	+47%
Group's SG&A /revenue	14.9%	13.5%	-1.4 pp ²¹

VI. INFORMATION ON FINANCIAL INSTRUMENTS GRANTED OR OFFERED

In 2019 and 2020, no financial instruments were granted or offered to members of the Management or Supervisory Boards.

²⁰ Percentage points

²¹ Percentage points

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).

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

This Report is prepared for the first time. Accordingly, Art. 90g.8 of the Act, providing for the obligation to explain how the General Meeting's resolution containing an opinion on the previous Remuneration Report has been accounted for in this Report, does not apply.