



**REPORT OF THE SUPERVISORY BOARD
OF AUTO PARTNER S.A.
ON ITS ACTIVITIES FOR THE FINANCIAL YEAR 2023**

Bieruń, 26 April 2024

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I. Report of the Supervisory Board on its activities for the financial year 2023, including the Supervisory Board's self-assessment

1. Composition of the Supervisory Board

From 1 January to 31 December 2023, the Supervisory Board consisted of:

- Jarosław Plisz – Chair of the Supervisory Board,
- Bogumił Woźny – Deputy Chair of the Supervisory Board,
- Bogumił Kamiński – Member of the Supervisory Board,
- Mateusz Melich – Member of the Supervisory Board,
- Andrzej Urban – Member of the Supervisory Board.

2. Form and mode of supervision

Throughout 2023, as mandated by the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure for the Supervisory Board, the Supervisory Board continuously monitored the Company's activities across all areas and performed financial oversight of its affairs in terms of the advisability and reasonableness of its spending.

Apart from the members of the Supervisory Board, the following persons attended its meetings: members of the Management Board, Chief Financial Officer, and Chief Accountant. The Supervisory Board members maintained regular communication with the Management Board and were actively involved in all material matters concerning the Company.

From 1 January to 31 December, the Supervisory Board convened six times (31 March 2023, 17 April 2023, 26 April 2023, 31 May 2023, 17 September 2023, and 19 December 2023) and held four votes via means of remote communication as provided for in Art. 20.3 of the Company's Articles of Association (2 February 2023, 15 February 2023, 31 July 2023, and 28 December 2023 r.), ultimately passing a total of 25 resolutions, both to decide matters and to give advice.

At each Supervisory Board meeting, the Management Board reported information on all material matters related to the Company's operations, as included in the agenda.

For a more detailed description of the Supervisory Board's activities in 2023, please refer to the minutes of its meetings, which are archived together with Supervisory Board resolutions at the Company's registered office at ul. Ekonomiczna 20, Bieruń, Poland.

In 2023, the Supervisory Board passed the following resolutions:

LIST OF RESOLUTIONS OF AUTO PARTNER SUPERVISORY BOARD PASSED IN 2023		
Number	Date	Subject matter
Resolution No. 1	2 February 2023	to provide opinion on the proposed amendment to the Multi-Facility Agreement with Santander Bank Polska Spółka Akcyjna of Warsaw

Resolution No. 1	15 February 2023	to grant consent to the execution of an amendment to the loan agreement with Aleksander Górecki, President of the Management Board, and Katarzyna Górecka
Resolution No. 2	15 February 2023	to authorise a member of the Supervisory Board to sign an agreement to offset mutual claims and obligations between the Company and President of the Management Board
Resolution No. 1	31 March 2023	to consent to assessment of the Remuneration Report by UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością sp.k. of Warsaw.
Resolution No. 1	17 April 2023	to authorise the representations of the Supervisory Board members
Resolution No. 2	17 April 2023	to authorise the Supervisory Board's assessment of the 2022 financial statements and Directors' Report
Resolution No. 3	17 April 2023	to recommend that the Annual General Meeting approve the separate financial statements of Auto Partner S.A for the financial year 2022
Resolution No. 4	17 April 2023	to recommend that the Annual General Meeting approve the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in the financial year 2022
Resolution No. 5	17 April 2023	to recommend that the Annual General Meeting approve the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in the financial year 2022
Resolution No. 6	17 April 2023	to provide opinion on the proposed allocation of net profit and payment of dividend for 2022
Resolution No. 1	26 April 2023	to authorise the Report of the Supervisory Board on its activities for the financial year 2022
Resolution No. 2	26 April 2023	to request that the Annual General Meeting discharge Aleksander Górecki from liability for his activities as President of the Management Board in 2022
Resolution No. 3	26 April 2023	to request that the Annual General Meeting discharge Andrzej Manowski from liability for his activities as Vice President of the Management Board in 2022
Resolution No. 4	26 April 2023	to request that the Annual General Meeting discharge Piotr Janta from liability for his activities as Vice President of the Management Board in 2022
Resolution No. 5	26 April 2023	to request that the Annual General Meeting discharge Tomasz Werbiński from liability for his activities as Member of the Management Board in 2022
Resolution No. 6	26 April 2023	to provide opinion on the proposed amendments to the Company's Articles of Association
Resolution No. 7	26 April 2023	to authorise the Supervisory Board's Report on Remuneration of Members of the Management Board and the Supervisory Board of Auto Partner S.A. for 2022

Resolution No. 8	26 April 2023	to authorise the representations of the Supervisory Board members
Resolution No. 1	31 May 2023	to determine the amount of bonuses payable to Members of the Company's Management Board for 2022 under the Rules of the 2022–2024 Incentive Scheme and based on the verification of delivery of the Scheme objectives.
Resolution No. 1	31 July 2023	to consent to the execution of an amendment to the agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audytyt sp.k. of Warsaw
Resolution No. 2	31 July 2023	to consent to assessment of the Remuneration Report by UHY ECA Audytyt Spółka z ograniczoną odpowiedzialnością sp.k. of Warsaw.
Resolution No. 1	13 September 2023	to provide opinion on the proposed amendments to: the investment credit facility agreement with Credit Agricole Bank Polska S.A., the multi-purpose facility agreement with BNP Paribas S.A., and the revolving credit facility agreement with BNP Paribas S.A.
Resolution No. 1	19 December 2023	to grant consent to the execution of an amendment to the loan agreement with Aleksander Górecki, President of the Management Board, and Katarzyna Górecka
Resolution No. 2	19 December 2023	to authorise a member of the Supervisory Board to sign an agreement to offset mutual claims and obligations between the Company and President of the Management Board
Resolution No. 1	28 December 2023	to grant consent to the execution of an amendment to the loan agreement with Aleksander Górecki, President of the Management Board, and Katarzyna Górecka

3. Satisfaction of the independence criteria by members of the Supervisory Board

At least two Supervisory Board members must each meet all the applicable independence criteria (independent Supervisory Board members).

In 2023, members of the Supervisory Board submitted representations on whether they satisfy the independence criteria to both the Supervisory Board and the Management Board. The Supervisory Board assessed whether there were any links or circumstances which might affect the satisfaction of the independence criteria by particular Supervisory Board members.

In 2023, out of the five members of the Supervisory Board, four were independent and submitted relevant written representations to that effect. These were:

- Bogumił Kamiński – Member of the Supervisory Board,
- Bogumił Woźny – Deputy Chair of the Supervisory Board,
- Mateusz Melich – Member of the Supervisory Board,
- Andrzej Urban – Member of the Supervisory Board.

Each of the independent Supervisory Board members represented that:

- he satisfies the independence criteria under Art. 129.3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017;
- he satisfies the independence criteria under Principle 2.3 of Best Practice for GPW-Listed Companies 2021, i.e. he does not have any actual and material links with any Company shareholder holding 5% or more of total voting rights in the Company.

4. Supervisory Board Committees

In 2023, the Supervisory Board, consisting of five members, i.e. the minimum number required by law, did not have a remuneration committee.

At the same time, the Supervisory Board an Audit Committee, which was composed of:

- Bogumił Woźny – Chair of the Audit Committee,
- Bogumił Kamiński – Member of the Audit Committee,
- Jarosław Plisz – Member of the Audit Committee,
- Mateusz Melich – Member of the Audit Committee.

The Audit Committee was appointed pursuant to Art. 128 of the Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017.

The Committee meets the definition of “audit committee” under Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. The members of the Audit Committee who have knowledge and skills in the field of accounting or auditing of financial statements are Bogumił Jarosław Woźny and Bogumił Kamiński.

Jarosław Plisz is a member of the Audit Committee having knowledge and skills related the industry in which the Company operates.

The Audit Committee operates on the basis of the following documents adopted by the Supervisory Board:

- the Rules of Procedure for the Audit Committee of Auto Partner S.A.,
- the Policy for Selection of an Audit Firm to Audit Statutory Financial Statements of Auto Partner S.A. and the Auto Partner Group,
- the Procedure for Selection of an Audit Firm to Audit Statutory Financial Statements of Auto Partner S.A. and the Auto Partner Group,
- the Policy for Provision by the Selected Audit Firm of Permitted Non-Audit Services to Auto Partner S.A. and the Auto Partner Group.

For details on the activities of the Audit Committee in 2023, please refer to the separate Report of the Auto Partner Supervisory Board’s Audit Committee on its activities.

5. Self-assessment of the Supervisory Board

The Supervisory Board assesses that acting as a collective body, it effectively, reliably, and efficiently oversaw the Company's activities across all areas, discharging its responsibilities in compliance with the Commercial Companies Code, the Company's Articles of Association, the Rules of Procedure for the Supervisory Board, and the corporate governance principles of Best Practice for GPW-Listed Companies 2021 as adopted by the Company, and all other applicable laws and regulations. All members of the Supervisory Board are highly qualified and have the necessary experience to perform supervisory responsibilities, and the representation of the requisite number of independent members on the Supervisory Board has been ensured. The Supervisory Board convened on a regular basis, and its meetings were quorate and satisfied other procedural conditions to pass legal binding resolutions. All tabled resolutions were voted on in compliance with the Rules of Procedure for the Supervisory Board, and most were carried unanimously.

Moreover, all members of the Supervisory Board maintain ongoing communication with the Management Board, which is required to provide the Supervisory Board with access to relevant information and data on the Company's business performance. The Supervisory Board is actively engaged in overseeing the Company's operations, including through monitoring its sales and financial performance on an ongoing basis and reviewing all matters that are of key importance to Auto Partner S.A. and its Group. Members of the Supervisory Board have the option to seek independent advice, in particular following material changes in the Company's legal or regulatory environment. The Supervisory Board assesses that its members devote the adequate amount of time to the Company's affairs to ensure proper performance of their supervisory responsibilities.

6. Request for discharge from liability of Supervisory Board members for their activities in the financial year 2023

The Supervisory Board hereby requests that the Annual General Meeting resolve to discharge all members of the Supervisory Board from liability for their activities in 2023.

II. Assessment of the Company's position on a consolidated basis

In compliance with Best Practice for GPW-Listed Companies 2021, which is the corporate governance code followed by the Company, at its meeting held on 26 April 2024, the Supervisory Board assessed the positions of Auto Partner Spółka Akcyjna and the Auto Partner Group in 2023.

1. Overview of the operations of Auto Partner S.A. and its Group

The Group operates under the name of Auto Partner (the "Group"), with Auto Partner S.A. of Bieruń (the "Company") as the Parent.

As at 31 December 2023, the Group also included the following subsidiaries:

- Maxgear Spółka z ograniczoną odpowiedzialnością of Tychy (wholly-owned by the Parent);
- Maxgear Spółka z ograniczoną odpowiedzialnością spółka komandytowa of Bieruń (the Parent is a limited partner in the company, entitled to a 99% share in its profits);
- AP Auto Partner CZ s.r.o. of Prague, the Czech Republic (wholly-owned by the Parent), and
- AP Auto Partner RO s.r.l of Bucharest, Romania (wholly-owned by the Parent).

The Group is a specialised logistics operator whose principal business activity consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. The Group is an importer and distributor of parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and directives of the European Union. The Group operates as a platform for sale, mainly via online channels, and supply logistics of spare parts, which are delivered on a just-in-time basis to distributed customers: repair workshops and stores.

The Group offers a wide range of spare parts. The key product category is spare parts for European, Japanese and Korean cars.

The Group is also consistently expanding its sales of parts for motorcycles and motor scooters, and operates in the area of distribution of tools and equipment for repair workshops. It also offers specialist training to its customers to improve their qualifications. The Group has also been actively developing its independent repair workshop brand of MaXserwis, which brings together the cooperating businesses.

2. Key events affecting the business of Auto Partner S.A. and the Auto Partner Group in 2023

The key events that affected the business of Auto Partner S.A. and the Auto Partner Group in 2023 included:

- On 6 February 2023, the Company signed an amendment to a lease contract with Westinvest Gesellschaft für Investmentfonds mbH of Düsseldorf, Germany. The term of the lease contract concerning the Company's registered office and warehouse in Bieruń was extended until 30 May 2034.
- On 31 March 2023, the Management Board of the Company passed a resolution to recommend that the Annual General Meeting vote to pay a dividend of PLN 19,593,000, i.e. PLN 0.15 per share, for the financial year 2022. At the meeting held on 17 April 2023, the Supervisory Board endorsed the recommendation. At its meeting held on 25 May 2023, the Annual General Meeting passed a

resolution granting the request, setting 1 June 2023 as the dividend record date. The dividend was paid on 15 June 2023.

- On 31 May 2023, the Supervisory Board of the Company, acting pursuant to Art. 21.1(n) of the Company's Articles of Association, Section 5 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A. as adopted by the General Meeting on 19 June 2020, and Section 5.3 of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board as adopted by a resolution of the Supervisory Board on 10 September 2021, as amended, passed a resolution to determine the amount of bonuses payable to members of the Company's Management Board for 2022 under the Incentive Scheme Rules and based on the verification of delivery of the Scheme objectives. Pursuant to the resolution and based on the Incentive Scheme Rules and data contained in the audited consolidated financial statements of the Auto Partner Group for 2022 that were approved by the Annual General Meeting on 25 May 2023, as well as on the verification of delivery of the business targets provided for in the Incentive Scheme Rules, on 31 May 2023, the Supervisory Board decided to grant bonuses for 2022 to the following Scheme participants:

Piotr Janta, Vice President of the Management Board – a bonus of PLN 3,600,000, to be paid as follows:

- ✓ PLN 2,520,000 in 2023
- ✓ PLN 720,000 in 2024
- ✓ PLN 360,000 in 2025

Andrzej Manowski, Vice President of the Management Board – a bonus of PLN 3,600,000, to be paid as follows:

- ✓ PLN 2,520,000 in 2023
- ✓ PLN 720,000 in 2024
- ✓ PLN 360,000 in 2025

Tomasz Werbiński, Member of the Management Board – a bonus of PLN 400,000, to be paid as follows:

- ✓ PLN 280,000 in 2023
- ✓ PLN 80,000 in 2024
- ✓ PLN 40,000 in 2025

The total amount of bonuses paid in accordance with the Rules has not exceeded PLN 8,000,000 during the term of the Scheme.

- On 31 May 2023, the General Meeting of Maxgear Sp. z o.o., acting pursuant to Art. 2031 and Art. 227.2 of the Commercial Companies Code, resolved to grant the eligible Management Board members bonuses for their performance in 2022 in accordance with the Rules of the Incentive Scheme as adopted by the General Meeting on 10 January 2022.
- On 4 October 2023, the Company signed an annex to the lease contract concluded on 28 June 2013 with WESTINVEST GESELLSCHAFT FÜR INVESTMENTFONDS MBH of Düsseldorf (the Lessor) whereby the space leased by Auto Partner S.A. (the Lessee) in the Bieruń Logistics Park was increased by approximately 10,110 m² in the case of storage space and approximately 981

m² in the case of office and amenity space. A similar annex was also signed on 6 February 2023 to the lease contract with WESTINVEST GESELLSCHAFT FÜR INVESTMENTFONDS MBH of Düsseldorf. As of 29 May 2024, the annex will be an extension of the existing lease contract of 28 June 2013 for locations in Bieruń.

Furthermore, in 2023, the Company executed the following credit facility agreements and amendments to credit facility agreements:

- On 6 February 2023, the Company signed an amendment to the Multi-Facility Agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of 26 September 2016, as subsequently amended from time to time. The amendment increased the multi-facility limit from PLN 65,000,000.00 (including, among others, a credit facility sublimit in the euro) to a maximum amount of PLN 90,000,000. The facility is to be used to finance the day-to-day operations of Auto Partner S.A. The availability of the limits under the multi-facility was extended until 31 March 2026. Interest on the debt is calculated based on floating rates (plus a margin): 1M WIBOR for debt in the Polish złoty and 1M EURIBOR for debt in the euro.
- On 10 February 2023, at the Company's request, all contractual security instruments were released and the reverse factoring agreement executed with Santander Factoring sp. z o.o. on 29 March 2019 was formally terminated.
- 15 February 2023 saw the execution of Amendment 2 to the loan agreement signed on 2 January 2014 with the Company's shareholders Aleksander Górecki and Katarzyna Górecka. The Amendment changed the terms and conditions concerning interest charged on the loan: as of 1 January 2023 the interest rate is variable and based on 3M WIBOR plus a margin (previously the interest rate was fixed). Under an amendment of December 2023, the term of the loan agreement was extended until 31 December 2026.
- Following repayment on 27 March 2023 of a non-revolving working capital facility of PLN 15,000,000, granted by mBank S.A., on 5 April 2023 the Company signed a working capital credit facility agreement with mBank S.A. of Warsaw. Under the agreement, a revolving working capital credit facility of PLN 15,000,000 was advanced to the Company to finance its day-to-day operations. The facility, repayable by 12 December 2024, has a floating interest rate of 1M WIBOR plus a margin.
- On 12 September 2023, the following amendments were signed with BNP Paribas Bank Polska S.A.:
 - ✓ Amendment 3 to the multi-purpose credit facility agreement of 13 September 2021 to change the facility maturity date to 11 September 2025, and
 - ✓ Amendment 1 to the revolving credit facility agreement of 24 January 2022 to change the facility maturity date to 11 September 2025.

- On 12 September 2023, Amendment 1 was signed to the investment credit facility agreement of 13 September 2022 with Credit Agricole Bank Polska S.A. to change the facility availability period to until 13 September 2024 and the facility maturity date to 15 September 2028 as well as to increase the credit limit under the facility to PLN 15,000,000.

3. Assessment of the financial performance of Auto Partner S.A. and the Auto Partner Group

In the opinion of the Supervisory Board, Auto Partner S.A. and its Group delivered satisfactory financial performance in 2023. In 2023, the Auto Partner Group reported a 29% year-on-year increase in revenue, to PLN 3.65bn. The Group also earned a record net profit of PLN 223.6m, up 7.9% from 2022.

The following events and factors had a bearing on the Group's business in and financial results for 2023:

- continued expansion and sales growth,
- temporary decline in gross margin in the first half of 2023 relative to previous periods, largely attributable to sales of inventory purchased in the second half of 2022, which saw unprecedented depreciation of the PLN and inflated transport costs, at a time of a strongly appreciated PLN against the EUR and the USD, coupled with a significant decline in freight rates, a strong depreciation of PLN in September 2023, followed by an even stronger appreciation of PLN in the fourth quarter of 2023, which adversely affected gross margin in the final quarter of 2023,
- year-on-year increase in interest rates (in 2022, the WIBOR rates were on average lower than in 2023), which translated into higher finance costs despite the absence of an increase in average nominal debt for the entire period,
- salary increases to keep pace with inflation,
- effective inventory and procurement management which enabled reducing liabilities under borrowings and leases as at the reporting date to a level slightly below that reported as at 31 December 2022. The net debt to EBITDA ratio remained low, standing at 1.2 as at the reporting date.

The Supervisory Board gives a positive assessment of the position of Auto Partner S.A. and its Group in 2023 and its growth prospects in the coming years.

III. Assessment of the Company's discharge of its disclosure obligations;

In 2023, Auto Partner S.A. complied with the corporate governance principles defined in Best Practice for GPW-Listed Companies 2021 ("Best Practice 2021") as adopted by the Supervisory Board of the Warsaw Stock Exchange by Resolution No. 13/1834/2021

on 29 March 2021. To access the entire text of Best Practice 2021, please go to <http://corp-gov.gpw.pl>.

On 30 July 2021, Auto Partner S.A. decided to apply and follow the corporate governance principles of Best Practice 2021. The Company disclosed publicly the extent of its compliance with Best Practice 2021 by publishing the relevant compliance statement on its corporate website at <https://autopartner.com/lad-korporacyjny/>.

The Supervisory Board, having reviewed the Company's corporate governance statement as included in the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in the financial year 2023, assesses that the Company's corporate governance disclosures meet the relevant requirements and give a true and fair view of its compliance with the applicable corporate governance principles. The Supervisory Board did not identify any breaches by the Company of the Best Practice 2021 or Best Practice 2016 principles that it elected to apply or any Best Practice 2021 or Best Practice 2016 principles that the Company did not apply other than those indicated in its compliance statement. In the Supervisory Board's opinion, the Company's disclosures on compliance with Best Practice 2021 are true, accurate, and consistent.

Also, the Supervisory Board assesses that in 2023 the Management Board properly performed its reporting obligations towards the Supervisory Board, in particular under the Commercial Companies Code. At the Supervisory Board meetings, the Management Board presented information required under Art. 380(1) of the Commercial Companies Code on material aspects of the Company's operations. Moreover, the manner in which the Management Board prepared and submitted to the Supervisory Board the requested information, documents, reports, and clarifications was unobjectionable.

IV. Assessment of the Company's internal control, risk management, and compliance systems and internal audit function

This assessment is based on:

- the Report to the Audit Committee and Supervisory Board on adherence by Auto Partner S.A. to the compliance system the Anti-Corruption Code in the financial year 2023;
- the Report of the Auto Partner S.A. Management Board to the Supervisory Board on the effectiveness of the Company's internal control, risk management, and compliance systems and internal audit function in 2023;
- the Supervisory Board's own findings and conclusions.

1. Internal control system

Auto Partner S.A. and other Auto Partner Group companies have a distributed internal control system in place. The system is suited to the Group's needs and ensures

effectiveness, reliability, completeness, compliance with laws and internal regulations, as well as validity of financial and management information. Internal control is one of the functions in day-to-day management of the Group, carried out directly by the Company's Management Board, Chief Financial Officer, the Controlling Department, the Internal Control Department, other employees in management positions, and the Group's legal services. Together, these units form the Group's internal control system, which provides an adequate level of security for its operations and enable active management of risks, particularly those that could adversely impact the financial results of the Auto Partner Group.

Inspection activities are conducted at all stages of the Company's operations. Financial and accounting documents are subject to substantive, formal, and accounting checks. Given that the Group's organisational structure is largely decentralised, with operations spanning 114 locations across Poland, it is essential to ensure that the branches' ongoing activities are properly controlled. In 2023, the Internal Control Department carried out a total 138 inspections at Auto Partner S.A.'s branches (including agent-operated ones). These included unannounced inspections, encompassing: checking the timely receipt of deliveries and the prompt execution of transfers between branches, overseeing the timely departure of vehicles for local routes, verifying the correct display of goods in the sales area, assessing the methods of securing cash and verifying its amount against the cash report, conducting anti-robbery tests, ensuring the timely settlement of cash receivables, performing inventory sampling of the 200 most expensive and 300 best-selling items, checking the orderliness of the sales floor and warehouse, ensuring the compliance of third-party vehicles with relevant contract terms and conditions, verifying the maintenance of transport documentation, and monitoring fire safety and surveillance systems, including the alarm system.

An employee has been designated at the Analysis and Corporate Control Department to monitor/audit the Company's warehouses on an ongoing basis.

The Company also operates a functional control system, whose scope includes forecasting, budgeting, reporting, and analysis of data and key performance indicators. This system is supported by an integrated IT system based on a data warehouse that was created and continues to be developed by the Company's IT services. It is tailored to the specific requirements of users and the nature of the Group's operations. This solution integrates data from the Company's other IT tools, including ERP and CRM systems. For data presentation and analysis, Microsoft Power BI, which is based on multidimensional data structures, is used.

The comprehensive nature of the control system ensures timely and accurate disclosure of facts relating to material elements of the Company's business. It allows the Management Board and the Supervisory Board to obtain full view of the Group's financial condition, operating performance, assets, and efficiency of management. The Management Board assesses that Auto Partner S.A.'s control system ensures complete disclosure of business transactions, correct assignment of supporting documents, and correct valuation of the resources at each registration stage, thus ensuring that the

financial statements are prepared correctly and enabling the Management Board to conduct the operations of the Company and the Group based on verified and complete information.

2. Risk management system

The Management Board, supported by Chief Financial Officer, assesses and manages the Company's business risks on an ongoing basis. The Management Board is responsible for monitoring and identifying the risks.

The enterprise risk management process is carried out by the Management Boards of individual Group companies. The key role within the Group's risk management framework is played by the Management Board of Auto Partner S.A., in particular Vice President of the Management Board, Chief Sales Officer, and Chief Financial Officer, who oversee the management of sales risks and financial and credit risks, respectively. The persons appointed to these positions have the adequate knowledge of the Company and its environment as well as holding the requisite qualifications and authorisations. As part of its risk management procedures, the Group carries out verification and reconciliation of risk management protocols, mainly those that apply to the following risks related to the Company's and the Group's operations:

- Risk of changes in the bonus policies applied by spare parts suppliers (manufacturers)
- Risk related to unsuccessful strategy implementation or adoption of a wrong development strategy
- Risk of a decline in demand for certain goods offered by the Company
- Risk related to the structure of the Group's debt
- Currency risk
- Risk related to the concentration of stocks (merchandise) in the central warehouse
- Risk related to the loss of key personnel and inability to hire qualified workforce
- Risk related to the IT system and cybersecurity
- Risk related to the operation of the Group's main warehouse

The Group may also be exposed to non-recurring risks, such as:

COVID-19 pandemic risks in Poland and globally

Although the declared state of the coronavirus pandemic continued in the first half of 2023, in the Supervisory Board's opinion, it had no material impact on the Company's or the Group's operations.

Impact of political and economic developments in Ukraine on the Company's and the Group's operations.

The Group identified no impact of the war in Ukraine on its operations in 2023. The Company's exposure to the Ukrainian market is negligible, accounting for less than

0.5% of its monthly revenue. To manifest solidarity with Ukraine, the Company suspended its business on the Russian and Belarusian markets, closed all representative offices and discontinued the export of aftermarket parts to both Russia and Belarus. The Company's exports to the Russian and Belarusian markets accounted for 0.1% and 0.02%, respectively, of its monthly revenue.

The Supervisory Board shares the Management Board's opinion that the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's operations, business continuity or financial condition. There were no indications of asset impairment linked to the conflict in Ukraine, as the Company does not possess any non-financial assets in the country that could be affected by military operations there. Assuming that the armed conflict in Ukraine does not extend to neighbouring countries, particularly Poland and other EU nations, it is not expected to significantly affect the Company's sales volumes, cash flows, and profitability in the long term.

However, the Supervisory Board wishes to emphasise that this expectation, while based on the best knowledge of the Supervisory Board, may differ from the actual impact given uncertainty arising from the unpredictable nature and effects of the Russian Federation's military actions in Ukraine on the economic landscape of Poland and Europe, and consequently, their influence on the Company's sales volumes, cash flows, and profitability.

The Supervisory Board and the Management Board are jointly monitoring the situation to the extent it could potentially affect the Company's or the Group's business in future periods.

3. Compliance system

The Group has in place the following compliance policies, procedures, and regulations:

- Code of Ethics,
- Auto Partner Anti-Corruption Code,
- Procedure for preventing discrimination, harassment and workplace bullying at Auto Partner S.A.,
- Procedure for handling inspections/searches at Auto Partner S.A.,
- Auto Partner Procurement Procedure,
- Auto Partner Whistleblowing Rules.

Since 2020, the Company has been operating a dedicated compliance unit.

The Report to the Audit Committee and Supervisory Board on adherence by Auto Partner S.A. to the compliance system the Anti-Corruption Code in the financial year 2023 was presented to the Supervisory Board on 10 April 2024.

The introduction of the Anti-Corruption Code was preceded by a risk assessment conducted by an independent third party, which evaluated the potential for corruption across the Group's supply chain. The majority of potential risks were assessed as low, indicating that any occurrence of corruption would be on a small scale and isolated, without broader impact on the Company's ongoing operations, financial capabilities, or

key business partners. The analysis of the Group's business partners (both suppliers and customers) as well as intermediaries and agents showed that these are reputable entities and that the contracts with them are standard for the industry. The purpose of implementing the Anti-Corruption Code was to reduce the risk of corruption in both internal and external relations. The Code defines conduct that is considered unethical, specifies the corruption prevention responsibilities of the Management Board and Supervisory Board, outlines the whistleblower protection procedure, lays down the rules for appointing the Compliance Officer, methods for identifying corruption risks, know-your-customer and supplier screening procedures, guidelines for handling conflicts of interest, gift giving and accepting policies, and donations and sponsorship policies, and includes sample anti-corruption clauses. It also mandates the maintenance of two registers: a record of Code violation reports and a record of donations and gifts.

The Company is fully committed to supporting employees' and trading partners' reporting of any misconduct (whistleblowing). Whistleblowers are provided with the option to report misconduct to various, independent bodies – for instance, misconduct within the Management Board should be reported to the Supervisory Board, while misconduct by an employee's line manager or other superiors or individuals should be reported to the Management Board. All misconduct may also be reported to the Compliance Officer. The choice of which entity to report to lies with the whistleblower. Accordingly, the Company has created dedicated email addresses for the Management Board (sygnal.zarzad@autopartner.com), the Supervisory Board (sygnal.rada@autopartner.com), and the Compliance Officer, to which misconduct reports can be sent. There is also the option to send reports via traditional mail to the Company's registered address.

From 1 March 1 2023, an educational campaign titled 'Why Good People Do Bad Things' was conducted among employees and associates of the Company to introduce the concept of whistleblowing within the organisation. The campaign consisted of a five-episode mini-series and was concluded with a knowledge quiz. At the end, the participants completed an anonymous and confidential survey to assess the risk of corruption at the Company. The follow-up analysis of the surveys indicated that any occurrence of corruption would be on a small scale and isolated, without broader impact on the Company's ongoing operations, financial capabilities, or key business partners. Most employees believe that the locations and sectors in which the Company operates are characterised by a low incidence of corruption.

In 2023, no misconduct was reported to the Management Board or Supervisory Board, while the Compliance Officer received two reports of alleged violations of labour regulations. The reports were submitted in accordance with the Procedure for preventing discrimination, harassment and workplace bullying at Auto Partner S.A. To investigate these incidents, an investigative committee was formed (which also included employee representatives). In the course of its proceedings, the committee interviewed the complainants, the persons accused of misconduct, and their

colleagues/witnesses. Adequate disciplinary actions were taken against those found to have committed the reported misconduct.

In summary, throughout 2023, Auto Partner S.A. maintained an effective and transparent compliance framework aimed at ensuring that the Company operates ethically and lawfully. The Company's management and staff actively engaged in efforts to reduce the risk of non-compliance, corruption, and other misconduct.

These initiatives included:

- prevention – aimed at preventing corruption, non-compliance, and other misconduct;
- detection – focused on detecting, investigating, and eliminating any potential corruption, non-compliance, and other misconduct;
- analysis – involving the review and analysis of identified cases of misconduct.

4. Internal audit

In 2023, the Company did not have a separate internal audit function. In accordance with applicable laws, as part of the reporting control process, the Management Board has the financial statements reviewed or audited, as appropriate, by an independent auditor. The auditor is selected by the Company's Supervisory Board based on recommendations from the Audit Committee. The financial statements are prepared in accordance with appropriate procedures, in cooperation with individual departments of the Company under the supervision of the competent Member of the Management Board, i.e. Chief Financial Officer. The Company applies accounting policies approved by the Management Board, which define the rules for measuring assets, equity and liabilities and determining profit or loss.

V. Assessment of the reasonableness of the Company's sponsorship, charitable or other similar policy

The Supervisory Board has reviewed the information on the Company's sponsorship, charitable and other similar activities, as included by the Management Board in the Directors' Report on the Company's operations in the financial year 2023. The Supervisory Board assesses that these activities in 2023 were consistent, reasonable and transparent. The objectives selected in this area fit within the business profile of Auto Partner S.A. and have a positive impact on the environment, while building an image of Auto Partner S.A. as a socially responsible company, which is also in line with the Auto Partner Code of Ethics. The Auto Partner Group and its employees engage in social outreach initiatives in the region, being aware that the Company is a corporate citizen in the community in which it operates.

Charitable activities

In 2023, the Company engaged in the following charitable activities:

- Charity auctions for the Great Orchestra of Christmas Charity,

- Charitable and solidarity campaigns for the war-torn Ukraine and refugees arriving in Poland,
- Support for measures to solve the problem of animal homelessness,
- Dog in the office Day organised at the head office and branches of Auto Partner S.A.,
- Blood donation drives at the head office of Auto Partner S.A.
- Charitable drive for families provided assistance as part of the Szlachetna Paczka (Noble Gift) campaign organised by the Wiosna Association.

On 21 February 2023, by way of a deed, Auto Partner S.A. established a foundation under the name Auto Partner with its seat in Bieruń. On 10 May 2023, the Foundation was entered by the District Court for Katowice-Wschód in the Register of Associations, Other Social and Professional Organisations, Foundations, and Independent Public Health Care Facilities and the Business Register. The main objectives of the Foundation are as follows:

- social assistance,
- charitable activities,
- educational initiatives,
- health protection and awareness,
- promotion of volunteering,
- environmental protection, animal welfare and preserving natural heritage,

- cultural activities,
- promotion of physical fitness and sports,
- aid to victims of natural disasters, military conflicts and wars
- in Poland and abroad,
- public order and safety initiatives.

Sponsorship activities

Auto Partner sponsored the TVN TURBO RALLY TEAM, featuring driver Łukasz Byśkiniewicz. Additionally, the Company supported the organisation of four SpeedGames events and Polish Drift Masters Championship in 2023, as well as charitable events such as Hockey with Stars in Tychy and the 16th Maciek Maik National Inclusive Swimming Event, also held in Tychy. Auto Partner contributed to the activities and development of young stunt rider Damian Bojdoł, as well as the initiatives of the sports club AZS-AWF Wrocław and the Women's Sports Club Polonia Tychy. Furthermore, the Company supported the participation of representatives from the State Fire Brigade at the European Police & Fire Games 2023 in Spain.

Total value of CSR donations: PLN 1,137,760.32

Total value of support provided in other forms, including sponsorship: PLN 1,182,180.51

The Company discloses all beneficiaries in an in-house register, which includes all donations made to charitable organisations.

In light of the established standards and policies, all sponsorship and charitable activities undertaken in 2023 were conducted in a rational, transparent, and consistent manner. The chosen objectives align with the business profile of Auto Partner S.A. and have a positive impact on the environment, contributing to building the image of Auto Partner S.A. as a socially responsible company.

VI. Information on the degree of implementation of the diversity policy with respect to the Management Board, Supervisory Board and other key senior personnel of the Company

The Company has not adopted a separate diversity policy and does not follow such policy with respect to its governing bodies and key managers. The decisive criterion for the selection of members of the Company's governing bodies and key managers is, first and foremost, appropriate qualifications and knowledge required to serve in a given position.

Respect for diversity and protection against discrimination are addressed in the Auto Partner S.A. Work Rules, in the Code of Ethics of the Auto Partner Group, and in the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying. In those documents, the employer has made a commitment to respect diversity, and in particular to ensure equal treatment of employees with regard to entering into and terminating employment relationships, terms of employment, promotion and access to training, regardless of sex, age, disability, race, religion, nationality, political beliefs, union membership, ethnic origin, creed, sexual orientation, and regardless of whether a given person is employed for a definite or indefinite term and on a full-time or part-time basis. This approach applies to all employees, regardless of their position, and it is prohibited to take decisions on those matters on the basis of non-substantive reasons. No discrimination is tolerated within the Auto Partner Group. The Group is open to diversity and views it as a material resource that contributes to its value growth. Additionally, the Code of Ethics, the Procedure for Preventing Discrimination, Harassment and Workplace Bullying, and the Whistleblowing Rules establish mechanisms to be used in resolving doubts and reporting potential misconduct. The purpose of the regulations applicable at the Auto Partner Group is to protect the dignity and rights of employees and take appropriate measures against offenders.

Auto Partner S.A. believes that this solution is sufficient and effective. Although the Auto Partner Group is also active outside the Polish market, and employs many foreign nationals and thus makes up a multicultural organisation, no social problems related to nationality or ethnic origin were identified. The positive assessment of this aspect has been confirmed by inspections carried out by the National Labour Inspectorate (PIP).

The tables below present the composition of the Company's governing bodies, broken down by gender and age.

Auto Partner S.A. Management Board

total	4
Women	0
men	4
<30 years of age	0
31–40 years of age	1
41–50 years of age	2
>50 years of age	1
foreign nationals	0

Auto Partner S.A. Supervisory Board

total	5
Women	0
men	5
<30 years of age	0
31–40 years of age	0
41–50 years of age	2
>50 years of age	3
foreign nationals	0

VII. Assessment of the Auto Partner S.A. Management Board's proposal on the allocation of the Company's net profit for the financial year 2023

In 2023, Auto Partner Spółka Akcyjna earned a net profit of **PLN 221,025,314.74**. In performance of its responsibilities under the Articles of Association, the Supervisory Board has reviewed the Management Board's proposal on the allocation of the Company's net profit for 2023 and accordingly endorses the following 2023 net profit allocation:

- the amount of PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty) is proposed to be distributed as dividend of PLN 0.15 (fifteen

grosz) per share;

- the balance of PLN 201,432,314.74 (two hundred and one million, four hundred and thirty-two thousand, three hundred and fourteen zloty, 74/100) is recommended to be allocated to the Company's statutory reserve funds.

This endorsement is also included in the Supervisory Board Resolution No. 6 of 26 April 2024.

VIII. Aggregate amount of consideration payable by the Company for any audits ordered by the Supervisory Board in the financial year from third parties

In 2023, the Supervisory Board did not contract any third-party advisers.

IX. Recommendations

The Supervisory Board refrained from presenting the details of the Company's or the Group's financial performance, as these are exhaustively discussed in the relevant financial statements, the Directors' Report on the Company's and the Group's operations, and in the auditor's reports and opinions, all of which were reviewed by the Supervisory Board at its meeting on 10 April 2024.

On 10 April 2024, the Supervisory Board, having analysed the relevant documents, the Supervisory Board authorised its 2023 reporting containing assessments of:

- the separate financial statements of Auto Partner S.A. for the financial year ended 31 December 2023,
- the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in the financial year 2023,
- the consolidated financial statements of the Auto Partner Group for the financial year ended 31 December 2023.

The Supervisory Board concluded that the above documents comply with the applicable legal and regulatory requirements and give a true, fair and complete view of the Company's and the Group's business and that the Management Board's proposal on the allocation of the 2023 net profit is reasonable in light of the Company's growth plans.

In the Supervisory Board's opinion, the Management Board made diligent efforts to ensure that the Company would achieve profit, and the Supervisory Board positively assesses the Management Board's actions aimed at furthering the Company's key strategic objectives. Considering the results of the assessment of the financial statements and the Directors' Report, and taking into account the overall conditions and circumstances in which the Company operated in 2023, the Supervisory Board, by submitting this Report, recommends that the Annual General Meeting of Auto Partner Spółka Akcyjna:

- approve the financial statements of Auto Partner S.A. and the consolidated financial statements of the Auto Partner Group for the financial year 2023,
- approve the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in the financial year 2023,
- resolve to allocate the 2023 net profit as proposed by the Management Board,
- grant discharge from liability to members of the Management Board and the Supervisory Board for their activities in 2023.

The Supervisory Board's assessment of the audit of the separate and consolidated financial statements and the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in the financial year 2023 was prepared on 10 April 2024 and is included in a separate document.

The Supervisory Board discussed and resolved to authorise this Report on 26 April 2024.

Bieruń, 26 April 2024

For the Supervisory Board:

Jarosław Plisz – Chair of the Supervisory Board