



**REPORT ON THE REMUNERATION OF
MEMBERS OF THE MANAGEMENT BOARD AND THE
SUPERVISORY BOARD
OF EUROCASH S.A.**

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The report on the remuneration of the members of the Management Board and the Supervisory Board of Eurocash S.A. (hereinafter referred to as "Eurocash" or "the Company") was drawn up by the Supervisory Board on the basis of:

- i. Article 90g of the POND of 29 July 2005 on the public offer and conditions for the introduction of financial instruments into an organised trading venue and on public companies;
- ii. Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of shareholders to engage in the long term.

The rules for the remuneration of the members of the Management Board and the Supervisory Board of Eurocash S.A. are laid down in the Remuneration Policy of the Members of the Management Board and the Supervisory Board of Eurocash S.A. adopted by resolution of the Ordinary General Meeting of 25 August 2020, amended adopted by resolution of the Ordinary General Meeting of 30 June 2022 (hereinafter referred to as the “**Remuneration Policy**”).

The information contained in the report is the responsibility of the members of the Company's Supervisory Board.

1. The amount of the total remuneration broken down by component referred to in Article 90d sec. 3 p.1 and the proportions between those components of remuneration

Information on remuneration in 2022

The Management Board Members' remuneration.

The remuneration of the members of the Management Board of the Company consists of fixed remuneration, variable remuneration and supplementary benefits. It is summarized in Table 1; amounts are indicated rounded to the nearest whole Polish zloty.

- a. Fixed remuneration is received in connection with the employment of members of the Management Board at Eurocash (an employment contract), as well as in connection with the performing a function in the Management Boards in other companies belonging to the Eurocash Group (remuneration for appointment to the Management Board).
- b. Other cash benefits included amounts received by members of the Management Board as part of car for business and private use, a package of medical care for members of the Management Board and their families, supplementary life insurance, civil liability insurance.

- i. Benefits for the members of the Management Board families include the value of the family medical care package in the amount of PLN 19 628 per year and are included in column B of Table 1 in relation to the Management Board Members: Arnaldo Guerreiro, Pedro Martinho, Jacek Owczarek, Przemysław Ciaś, Tomasz Polański; in the case of Dariusz Stolarczyk – member of the Management Board - the value of the family medical care package is about PLN 10 000 per year.
 - ii. In the case of member of the Management Board, Arnaldo Guerreiro, the Company covered the cost of business housing granted in connection with the fact that the permanent place of work is significantly distant from the place of permanent residence.
 - iii. Two (former) members of the Management Board pursuant to the resolution of the Supervisory Board of August 25, 2020 are entitled to receive additional benefits to cover the expenses related to traveling home and maintaining a place of residence in Poland, in the amounts of EUR 220,000 per year - Luis Amaral and EUR 60,000 per year - Rui Amaral, whereby in 2022 – considering the resignation from the Management Board by the above mentioned members – these additional benefits relates only to the period of time when Mr. Luis Amaral and Mr. Rui Amaral performed functions in the Management Board. Table 1 presents the amount actually paid by the Company to cover the costs incurred by the members of the management board in 2022.
- c. The variable part of the remuneration of the members of the Management Board in the form of an annual bonus depends on the level of implementation of the Company's budget and the achievement by individual members of the Management Board of additional annual objectives set for them separately. The objectives set for each evaluation period are both qualitative and quantitative and relate to the Company's objectives set out in the annual budget.

In 2020 Members of the Management Board decided that in order to better prepare the Company for the challenges and opportunities in the uncertain post-covid period of restoring the functioning of the economy, in which the Company was conducting the cost reduction process, the Members of the Management Board would participate in the reduction of costs and for this purpose proposed to the Supervisory Board to suspend the bonus program for members of the Management Board for 2020-2021, which was accepted by the Supervisory Board's resolution dated 25 August 2020. Therefore, in 2022, members of the Management Board, who were also members of the Management Board in 2021, did not receive the annual bonus for 2021.

In case of the new members of the Management Board, appointed with the effect from 1 February 2022, i.e. Tomasz Polański and Dariusz Stolarczyk, in 2022, an annual bonus was paid to them – both from the employment contract and the for appointment to the Management Boards in other companies belonging to the Eurocash Group in 2021. Payment of the annual bonus was due to the achievement of the economic indicators/budget performance of their subordinate organizational units, while it was not related to their function as a member of the Company's

Management Board. Therefore, the annual bonus was paid for the achievement of tasks prior to becoming a Member of the Company's Management Board, yet as it was paid during the period of performing the functions of the Management Board' members it is included in Table 1 (column D and G).

The Supervisory Board Members' s remuneration.

The remuneration of members of the Supervisory Board consists exclusively of fixed remuneration for performing function fixed at a fixed annual rate, payable on a quarterly basis. The higher amount of remuneration paid to a member of the Supervisory Board, Mr. Przemysław Budkowski, results from the accession of a member of the Supervisory Board to the Employee Capital Plan and recognition of the basic payment made to the PPK by the Company in the amount of remuneration.

The Chairman of the Supervisory Board, according to §10 point 3 of the Remuneration Policy and Resolution no. 23 of the Eurocash' Ordinary General Meeting of 30 June 2022, is entitled to additional benefits like car for business and private use, personal computer and mobile, a package of medical care for members of the Supervisory Board and their families based on the Company's policy, supplementary life insurance and coverage by the Company costs of business travels and accommodation, subject that the total amount of additional bonuses cannot exceed EUR 220 000 (to hundred twenty thousand) per year or the equivalent of this amount in Polish zlotys, calculated at the average exchange rate announced by the National Bank of Poland. In connection with the assumption of the position of Chairman of the Supervisory Board in mid-2022, the additional benefit was paid for the period of performing the function.

Table 1 - Remuneration of Management Board members received in 2022

Name	Fixed salary at Eurocash S.A. (PLN)	Other cash benefits at Eurocash S.A. (PLN)	Other cash benefits at Eurocash S.A. (travel and accommodation expenses) (PLN)	Variable remuneration at Eurocash S.A. (annual bonus) (PLN)	Total salary in Eurocash S.A. (PLN)	Fixed remuneration in other entities belonging to the Eurocash S.A. Capital Group (PLN)	Variable remuneration (annual bonus) in other entities belonging in the Eurocash S.A. Capital Group (PLN)	Total remuneration in the Eurocash S.A. Capital Group (PLN)	Ratio between variable and fixed remuneration in Eurocash S.A. Capital Group (columns D+G/A+B+C+F)
	A	B	C	D	E	F	G	H	I
Luis Amaral	18 050	8 931	515 889	0	542 870	0	0	542 870	0%
Rui Amaral	53 600	3 052	15 882	0	72 534	110 000	0	182 534	0%
Arnaldo Guerreiro	283 500	30 833	318 053	0	632 386	880 000	0	1 512 386	0%
Pedro Martinho	283 500	31 113	0	0	314 613	970 000	0	1 284 613	0%
Katarzyna Kopaczewska	283 500	18 076	0	0	301 576	900 000	0	1 201 576	0%
Jacek Owczarek	283 500	35 548	0	0	319 048	1 080 000	0	1 399 048	0%
Przemysław Cias	276 800	27 929	0	0	304 729	850 000	0	1 154 729	0%
Noel Collett	93 600	400	0	0	94 000	2 000 800	0	2 094 800	0%
Paweł Surówka	1 870 000	42 958	0	0	1 912 958	0	0	1 912 958	0%
Dariusz Stolarczyk	270 000	19 970	0	160 000	449 970	670 000	440 000	1 559 970	63%
Tomasz Polański	270 000	35 694	0	40 000	345 694	835 000	120 000	1 300 694	14%

Table 2 - Remuneration of Supervisory Board members received in 2022

Name	Fixed salary at Eurocash S.A. (PLN)	Other benefits (including travel and accommodation expenses)	Total (PLN)
Imię i nazwisko	Wynagrodzenie stałe w Eurocash S.A. (PLN)	Inne świadczenia (w tym pokrycie kosztów podróży i zamieszkania) (PLN)	Razem (PLN)
Luis Amaral (za okres 01.07.-31.12.2022)	119 346	515 889	635 235
Jorge Mora	237 031	0	237 031
Renato Arie (za okres 01.01.-30.06.2022)	117 685	0	117 685
Francisco José Valente Hipólito dos Santos	237 031	0	237 031
Hans Joachim Körber	237 031	0	237 031
Przemysław Budkowski	240 587	0	240 587

2. Clarification of how the total remuneration is consistent with the remuneration policy adopted, including how it contributes to the company's long-term performance.

The Company's Remuneration Policy is intended to m.in:

- i. ensuring the employment of highly qualified managers involved in the implementation of the company's and group's business strategy and the achievement of the assumed business goals, long-term interests, including an increase in the market value of shares;
- ii. the creation of a sustainable and competitive remuneration system, based on transparent rules for its determination and criteria taking into account the Company's financial results.

The level of remuneration of the Members of the Management Board and the Supervisory Board in 2021 was adequate to ensure the possibility of obtaining and maintaining an adequate level of motivation of persons with the highest competences, which are necessary for the optimal management and supervision of the Company. The amount of the remuneration corresponded both to the competence, experience and to the tasks of individuals and the related responsibilities.

3. Information on how the performance criteria have been applied.

In 2020 Members of the Management Board decided that in order to better prepare the Company for the challenges and opportunities in the uncertain post-covid period of restoring the functioning of the economy, in which the Company was conducting the cost reduction process, the Members of the Management Board would participate in the reduction of costs and for this purpose proposed to the Supervisory Board to suspend the bonus program for members of the Management Board for 2020-2021, which was accepted by the Supervisory Board's resolution dated 25 August 2020. Therefore, in 2022, members of the Management Board, who were also members of the Management Board in 2021, did not receive the annual bonus for 2021.

In case of the new members of the Management Board, appointed with the effect from 1 February 2022, i.e. Tomasz Polański and Dariusz Stolarczyk, in 2022, an annual bonus was paid to them – both from the employment contract and the for appointment to the Management Boards in other companies belonging to the Eurocash Group in 2021. Payment of the annual bonus was due to the achievement of the economic indicators/budget performance of their subordinate organizational units, while it was not related to their function as a member of the Company's Management Board.

4. Information on the change, on an annual basis, of the remuneration, performance of the company and of the average remuneration of its employees who are not members of the management or supervisory board during at least the last five financial years, on a cumulative basis, in such a way as to make it possible to compare

Table 1 – Comparison of the remuneration of members of the Management Board on an annual basis

	2018	2019	2020	2021	2022
Luis Amaral	1 443 306	1 434 186	1 364 613	744 912	542 870
change	28 281	-9 120	-69 573	-619 701	-202 042
change in %	2%	-1%	-5%	-45%	-27%
Rui Amaral	1 835 736	2 512 826	3 844 488	2 089 458	182 535
change	-1 084 375	677 090	1 331 662	-1 755 030	-1 906 923
change in %	-37%	37%	53%	-46%	-91%
Arnaldo Guerreiro	1 048 836	1 183 836	1 828 943	1 264 515	1 512 386
change	-357 121	135 000	645 107	-564 428	247 871
change in %	-25%	13%	54%	-31%	20%
Pedro Martinho	1 229 326	1 318 836	1 227 153	1 414 515	1 284 613
change	-76	89 510	-91 683	187 362	-129 902
change in %	0%	7%	-7%	15%	-9%
Katarzyna Kopaczewska	977 316	1 157 316	1 817 357	1 217 574	1 201 576
change	-171 121	180 000	660 041	-599 783	-15 998
change in %	-15%	18%	57%	-33%	-1%
Jacek Owczarek	1 108 836	1 199 658	1 903 777	1 264 458	1 399 048
change	-340 226	90 822	704 119	-639 319	134 590
change in %	-23%	8%	59%	-34%	11%
Przemysław Cjaś	810 302	946 501	1 452 438	1 026 003	1 154 729
change	-223 068	136 199	505 938	-426 435	128 726
change in %	-22%	17%	53%	-29%	13%
Noel Collett			1 726 958	2 053 364	2 094 800
change				326 406,00	41 436,00
change in %				19%	2%
Paweł Surówka					1 912 958
change					0,00
change in %					0%
Dariusz Stolarczyk					1 559 970
change					0,00
change in %					0%
Tomasz Polański					1 300 694
change					0,00
change in %					0%

Table 2.

Financial results of Eurocash S.A. and Eurocash Group during the last five financial years

	2018	2019	2020	2021	2022
Zysk brutto Grupy	155 551 250	113 422 816	89 206 421	-939 707	182 587 668
zmiana	135 238 575	-42 128 434	-24 216 395	-90 146 127	183 527 375
zmiana w %	666%	-27%	-21%	-101%	19530%
Zysk netto Grupy	111 652 270	79 125 593	49 359 200	-99 342 435	89 230 467
zmiana	141 211 975	-32 526 678	-29 766 393	-148 701 635	188 572 902
zmiana w %	-478%	-29%	-38%	-301%	190%
 Zysk brutto EC S.A.	 194 006 583	 207 878 034	 143 018 778	 174 406 061	 209 982 549
zmiana	223 752 028	13 871 450	-64 859 256	31 387 283	35 576 488
zmiana w %	-752%	7%	-31%	22%	20%
Zysk netto EC.S.A.	149 621 055	174 612 455	110 220 623	137 013 492	171 228 360
zmiana	221 334 144	24 991 400	-64 391 832	26 792 869	34 214 868
zmiana w %	-309%	17%	-37%	24%	25%

Table 3

Average salary of employees employed on an employment contract at Eurocash S.A. in 2018-2022

<u>Year</u>	Average salary (without management) (PLN)	Increase in average salary year-on-year (without board)
2018	zł 5 319,02	
2019	zł 5 650,36	6%
2020	zł 5 990,20	6%
2021	zł 5 867,41	-2%
2022	zł 5 942,95	1%

5. Amount of remuneration from entities belonging to the same group within the meaning of the Accounting Act of 29 September 1994 (Dz.U. z 2023 r. poz. 120)

The amount of remuneration received by the Members of the Management Board from entities belonging to the Eurocash Group is indicated in column F and G of the Table 1, set out in point 1 above.

6. Number of financial instruments awarded or offered and main conditions for exercising the rights of those instruments, including the price and date of implementation and their amendment

On 30 June 2022 the Ordinary General Meeting adopted resolution number 25 on implementing the Employee Motivational and Bonus Program (the “**Program**”) for specified key employers of the Company and companies directly or indirectly affiliated with the Company (the “**Eurocash Group**”). The Program is a continuation of incentive

programs addressed to managers, executives and employees fundamental to the business of the Eurocash Group, entitling its distinguishing participants to take up shares in the share capital of the Company, as an additional bonus.

In accordance with the Program, the Company shall issue 278 326 (two hundred and seventy-eight thousand three hundred and twenty-six) registered bond Series P, nominal value of each PLN 0,1 each will entitle to take 25 (twenty five) Shares Series N with priority over shareholders of the Company. Registered bond Series P shall be bought by the Company on 3 July 2028 by the way of payment the nominal value of Registered bond Series P. Persons eligible under the Program to purchase all or part of the Registered bond Series P shall be only managers, executives and employees fundamental to the business of the Eurocash Group, employed and perform their duties within period of 3 years from 1 January 2022.

The Program shall be implemented only if (i) consolidated operational income (EBIT) of the Company's Capital Group in 2025 will be at least PLN 600,000,000 or (ii) average price of the Company's shares at Warsaw Stock Exchange (calculated as average closing prices for each trading day) in the period of six months between 1 July 2024 and 31 December 2025 shall be at least PLN 30.

The list of persons preliminary entitled under the Program was approved under the Ordinary General Meeting adopted resolution number 25 dated 30 June 2022 and additionally, in accordance with the mentioned resolution of the Ordinary General Meeting, also by resolution of the Supervisory Board.

The list of persons preliminary entitled under the Program (the „**Persons Preliminary Entitled**”) includes also members of the Management Board of the Company.

On 25 November 2022 the Supervisory Board – after receiving the positive recommendation from the Supervisory Board Remuneration Committee – approved the list of Persons Preliminary Entitled and made an allocation of the Registered bond Series P and Shares Series N for the benefit of the Persons Preliminary Entitled, including the Members of the Management Board.

However, taking into consideration that implementation of the Programm (and granting Registered bond Series P and Shares Series N) is conditional on the fulfillment of the above mentioned conditions in the future, in 2022 Members of the Management Board were not awarded with the financial instruments under the Program.

Moreover, in 2022 neither Members of the Management Board, nor Members of the Supervisory Board, were awarded or granted any other financial instruments.

7. Information on how to use the possibility to request reimbursement of variable remuneration components

The Remuneration Policy does not, as a general rule, provide for the possibility for the Company to demand reimbursement of paid variable remuneration components unless exceptional circumstances arise. In 2022, there were no circumstances justifying the request for reimbursement of the variable remuneration components paid and the Company did not make use of this possibility.

8. Information on deviations from the procedure for implementing remuneration policies and derogations applied in accordance with Article 90f, including an explanation of the conditions and procedures, and an indication of the elements from which derogations have been applied.

In 2020 Members of the Management Board decided that in order to better prepare the Company for the challenges and opportunities in the uncertain post-covid period of restoring the functioning of the economy, in which the Company was conducting the cost reduction process, the Members of the Management Board would participate in the reduction of costs and for this purpose proposed to the Supervisory Board to suspend the bonus program for members of the Management Board for 2020-2021, which was accepted by the Supervisory Board. The above mentioned acceptance was expressed in the Supervisory Board's resolution dated 25 August 2020 on temporary changes in the remuneration policy related to Covid-19, which included the suspension of the annual bonus program for members of the Management Board for a period of 2020-2021. Therefore, in 2022, members of the Management Board, who were also members of the Management Board in 2021, did not receive the annual bonus for 2021.

9. Explanation of how the resolution of the General Meeting on the report for the 2021 year was included in the report

By Resolution No. 19 of June 30, 2022, the General Meeting expressed a positive opinion on the Report on the remuneration of members of the Management Board and Supervisory Board of Eurocash S.A. for the 2021 year, therefore, due to the lack of comments and objections regarding the form and content of the report submitted to the opinion of the General Meeting, this report was prepared according to the same assumptions and principles as the report for the 2021 year.

Conclusions:

The Supervisory Board has reviewed the remuneration and other benefits received by individual members of the Management Board and the Supervisory Board for compliance with the applicable Remuneration Policy and concludes that:

1. remuneration and other benefits paid to members of the Management Board and the Supervisory Board comply with the applicable Remuneration Policy and comply with the requirements laid down by law,
2. the current Remuneration Policy is an effective tool for managing remuneration and enables a flexible policy for the allocation of variable remuneration components.

Komorniki, 22.05.2023