

**ANNUAL WRITTEN REPORT OF THE SUPERVISORY BOARD OF
EUROCASH SPÓŁKA AKCYJNA FOR 2022**

**To the General Meeting
of Eurocash Spółka Akcyjna (the “Company”)**

The report covers the fiscal year from January 1st, 2022 to December 31st, 2022.

In 2022 the following persons were the members of the Supervisory Board of the Company:

1.	Dr. Hans Joachim Körber	Chairman of the Supervisory Board to 30.06.2022; Member of the Supervisory Board from 01.07.2022
2.	Mr. Luis Manuel Conceicao Pais do Amaral	Chairman of the Supervisory Board (from 30.06.2022)
3.	Mr. Renato Arie	Member of the Supervisory Board (to 30.06.2022)
4.	Mr. Francisco José Valente Hipólito dos Santos	Member of the Supervisory Board
5.	Mr. Jorge Mora	Member of the Supervisory Board
6.	Mr. Przemysław Budkowski	Member of the Supervisory Board

Committees Established

Supervisory Board Committees

The following internal committees operate under the auspices of the Supervisory Board:

- (i) the Audit Committee,
- (ii) the Remunerations Committee,
- (iii) the Nomination Committee.

Responsibilities of the Audit Committee include as follows:

- a. monitoring:
 - i. the financial reporting process;
 - ii. the effectiveness of the Company's internal control and risk management systems and internal audit, including in the scope of the financial reporting process; and
 - iii. financial revision, in particular the audit including all motions and findings of the Audit Supervision Commission (Polish: Komisja Nadzoru Audytowego) arising from the control in the audit firm;
- b. supervising the submission of financial information by the Company in the periodical reports, forecasts, etc,
- c. supervising the activities of external auditors of the Company,
- d. presenting the recommendations to appoint an audit firm to the Supervisory Board in compliance with the adopted policy and procedure of the appointment, where audit firm cannot render its services for longer than 5 years; controlling and monitoring of the independence of the statutory auditor and the audit firm, in particular if the audit firm provides the Company with other services than audit,
- e. supervising the relationship with the statutory auditor, including in particular:
 - i. assessing the statutory auditor's independence, remuneration and any nonauditing work for the Company,
 - ii. granting consent to render by the statutory auditor additional permitted services, other than audit
 - iii. determining the involvement of the external auditor in respect of the contents and publication of financial reporting,
- f. informing the Supervisory Board on results of the of the audit and how the audit contributed to the integrity of financial reporting and on the role of the Audit Committee in the audit process;

- g. each year evaluating internal control system functioning and the significant risk management system functioning as well as evaluating its own functioning in a form of an annual report of its deliberations, findings and relationship with the external auditor (including in particular his independence) to be included as a part of the Supervisory Board's annual report to be presented at the Ordinary General Assembly;
- h. preparing procedures of appointment of the audit firm by the Company
- i. preparing the policy of appointment of the audit firm for an audit of the Company's yearly separate and consolidated financial statements;
- j. preparing policy for rendering by the audit firm performing audit, its affiliated entities and members of its network of the permitted services other than the audit;
- k. submit recommendations to ensure the integrity of financial reporting by the Company.

In the period from 01.01.2022 to 30.06.2022 Audit Committee was composed of the following members: Mr. Jorge Mora (Chairman of the Audit Committee), Mr. Francisco José Valente Hipólito dos Santos (Member of the Audit Committee) and Mr. Przemysław Budkowski (Member of the Audit Committee), while in the period from 30.06.2022 to 31.12.2022: Mr. Jorge Mora (Chairman of the Audit Committee), Mr. Francisco José Valente Hipólito dos Santos (Member of the Audit Committee) and Mr. Hans Joachim Körber (Member of the Audit Committee).

Remuneration Committee

Responsibilities of the Remunerations Committee include as follows:

- a. reporting to the Supervisory Board of the existence of a remuneration policy for the Management Board, which is known to the Remunerations Committee in sufficient detail, including (a) the remuneration structure, (b) the amount of fixed remuneration, (c) the shares and/or options and/or other variable remuneration components and other forms of remuneration, as well as the performance criteria and the application thereof by Management Board Members,
- b. each year, submitting a proposal for the Supervisory Board's approval for an appraisal concerning the compliance of the remuneration policy for the Management Board and application thereof with regard to the desired standards of corporate governance,
- c. ensuring the disclosure to the Supervisory Board of the remuneration of the Management Board resulting from an implementation of the remuneration policy,
- d. each year, submitting a self-assessment in the form of an annual report of its performance to be included as part of the Supervisory Board's annual report and to be presented at the Ordinary General Meeting of Shareholders.

In the period from 01.01.2022 to 30.06.2022, the Remuneration Committee was composed of: Mr. Renato Arie (Chairman of the Remuneration Committee), Mr. Przemysław Budkowski (Member of the Remuneration Committee) and Mr. Francisco José Valente Hipólito dos Santos (Member of the Remuneration Committee). Due to the termination of his position in the Supervisory Board by Mr. Renato Arie, the composition of the Remuneration Committee was changed on 30.06.2022. In the period from 30.06.2022 to 31.12.2022, the Remuneration Committee was composed of: Mr. Przemysław Budkowski (Chairman of the Remuneration Committee), Mr. Francisco José Valente Hipólito dos Santos (Member of the Remuneration Committee) and Mr. Jorge Mora (Member of the Remuneration Committee).

Nomination Committee

The responsibilities of the Nomination Committee shall include:

- a. to identify and recommend (for the Supervisory Board's approval) the candidates for the Supervisory Board members appointed by the General Assembly in connection with existing or expected vacancy in the Supervisory Board (including the end of the Supervisory Board's term)
- b. to opine on candidates for Supervisory Board members elected by the General Assembly proposed by the shareholders of the Company,

- c. to identify and recommend candidates for the Management Board members appointed by the Supervisory Board, in connection with existing or expected vacancy in the Management Board (including the Management Board member's or President's end of the term);
- d. each year evaluating its own functioning in a form an annual report of its activities to be included as a part of the Supervisory Board's annual report to be presented at the Ordinary General Assembly.

The Nomination Committee was composed in the period from 01.01.2022 to 31.12.2022 of: Mr. Hans Joachim Körber (Chairman of the Nomination Committee) and Mr. Jorge Mora (Member of the Nomination Committee). On 30.06.2022, Mr. Renato Arie (Member of the Nomination Committee) ceased to be a Member of the Supervisory Board and from 30.06.2022, he was replaced by Mr. Luis Amaral – who was appointed as a Member of the Nomination Committee.

1. Information on the Supervisory Board's activities.

The Supervisory Board fulfilled its duties according to the Commercial Companies Code and the Company's Statute and the By-Laws of the Supervisory Board of Eurocash S.A. (“**By-Laws of the Supervisory Board**”). In particular, the Supervisory Board was involved in the internal control and risk management systems of the Company, analyzed the Company's results and monitored the performance of the Management Board. Supervisory Board was involved in the process of taking the important decisions of the Company like, e.g., decisions related to agendas of the general meetings or approval of Company's budget for the year 2022.

Pursuant to § 13.12 of the Company's Statute, in 2022 the Supervisory Board held 9 meetings on following dates: January 31, April 14, May 11, June 2, June 27, June 30, August 29, November 9 and November 25-26.

2. Supervisory Board opinion on the Company's financial statements for 2022, including the financial statement for 2022 and the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022.

2.1 Opinion on the standalone financial statements of Eurocash S.A.

Pursuant to Art. 382 § 3 of the Commercial Companies Code, the Supervisory Board of the Company conducted the analysis of the standalone financial statement of Eurocash S.A. for 2022, including the standalone statement of the financial position as at December 31st, 2022, showing the total assets in the amount of **PLN 6 855 600 456**, the standalone income statement for the period from January 1st, 2022, to December 31st, 2022, showing profit for the period in the amount of **PLN 171 228 360** and total comprehensive profit for the period in amount of **PLN 157 285 193**, standalone statement on changes in equity in the period from January 1st, 2022 to December 31st, 2022, representing the balance as at December 31st, 2022 of **PLN 1 462 886 445** and the standalone statement of cash flows for the period from January 1st, 2022, to December 31st, 2022, indicating the balance of cash as at December 31st, 2022 in the amount of **PLN 45 759 926**.

The Supervisory Board is of the opinion that the submitted standalone financial statement for 2022, including the statement of the financial position, the income statement, the statement of changes in equity and the statement of cash flows, truly and properly represent the result of the Company's business activity for the above fiscal year, as well as the property and financial standing of the Company as of December 31st, 2022.

According to the above, the Supervisory Board decided to recommend to the General Meeting the approval of the Company's standalone financial statement for 2022.

2.2 Opinion on the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022.

The financial statement of the Company is accompanied by a written Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022.

The Supervisory Board is of the opinion that the presented Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022 has been prepared in a reliable and comprehensive manner. After the analysis of the Report of the Management Board, the Supervisory Board decided to recommend to the General Meeting approval of the Report of the Management Board and acknowledge the fulfilment of duties by the members of the Management Board.

3. Supervisory Board opinion on the Eurocash Group consolidated report for 2022, including the consolidated financial statement for 2022 and the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022.

3.1 Opinion on the consolidated financial statement of the Eurocash Group

The Supervisory Board of the Company conducted the analysis of the consolidated financial statement of the Eurocash Group for 2022, including the consolidated statement of the financial position as at December 31st, 2022, showing the total assets in the amount of **PLN 8 669 822 691**, the consolidated income statement for the period from January 1st, 2022, to December 31st, 2022, showing the profit for the period in the amount of **PLN 89 230 467** and total comprehensive profit for the period in the amount of **PLN 75 547 641**, consolidated statement of changes in equity in the period from January 1st, 2022 to December 31st, 2022, representing balance as at December 31st, 2022 thereof of **PLN 798 902 858** and the consolidated statement of cash flows for the period from January 1st, 2022, to December 31st, 2022, indicating the balance of cash as at December 31st, 2022 in the amount of **PLN 177 793 411**.

The Supervisory Board is of the opinion that the submitted consolidated financial statement for 2022, including the consolidated statement of the financial position, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows, truly and properly represent the result of the Eurocash Group business operations for the above fiscal year, as well as the property and financial standing of the Eurocash Group as of December 31st, 2022.

According to the above, the Supervisory Board decided to recommend to the General Meeting the approval of the Eurocash Group consolidated financial statement for 2022.

3.2 Opinion on the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022.

The consolidated financial statement of the Eurocash Group is accompanied by a written Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022. The Supervisory Board is of the opinion that the presented Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2022 has been prepared in a reliable and comprehensive manner. After the analysis of the Report of the Management Board, the Supervisory Board decided to recommend to the General Meeting approval of the Report of the Management Board and acknowledge the fulfilment of duties by the members of the Management Board.

4. Report on Audit Committee's activities.

The Audit Committee responsibilities are defined in § 10 of the By-laws of the Supervisory Board. One of such responsibilities is to issue an annual report on its activities. In 2022 the Audit Committee held 3 meetings on April 14, 2022, June 27, 2022 and August 29, 2022; additionally, in January 2023 (January 18, 2023) and February (February 28, 2023), the fourth and fifth meetings of the Audit Committee regarding the financial year 2022 were held.

During the meeting held on April 14, 2022, the Audit Committee discussed recommendation to the Supervisory Board of the positive assessment of the annual financial statement of the Company and of the Eurocash Group for 2021. In the meeting participated the Company's auditors (EY).

During the meeting held on June 27, 2022, the Audit Committee, as a result of a tender procedure conducted on the basis of the Policy for selecting an entity authorized to audit financial statements and the Procedure for selecting an entity authorized to audit financial statements, in which bids were submitted by two audit firms, i.e. : (i) Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw (KRS 0000481039) and (ii) Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Poznań (KRS 0000407558) recommended the Supervisory Board to select Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Poznań (KRS 0000407558) (currently under the business name: Grant Thornton Polska Prosta Spółka Akcyjna (KRS: 0001002477) ("Grant Thornton") as an external auditor to audit the Company's financial statements for 2022 and 2023. The Audit Committee declared that the recommendation is free from third party influences and confirms that the Company has not entered into any agreements containing the clauses referred to in Art. 66 sec. 5a of the Act of September 29, 1994 on accounting. On the above meeting on June 27, 2022, the Audit Committee also approved Grant Thornton's provision of permitted services consisting in reviewing semi-annual financial statements in 2022 and 2023 without affecting the independence of the auditor.

During the meeting held on August 29, 2022, the Audit Committee discussed recommendation to the Supervisory Board of the positive assessment of the semi-annual financial statement of the Company and of the Eurocash Group. In the meeting participated the Company's auditors (Grant Thornton).

The Audit Committee also maintained ongoing contacts with the Company's auditor and the internal Audit Department in order to monitor the effectiveness of internal control systems and risk management systems as well as the functioning of internal audit, including financial reporting, the assessment of which is included in item 7 of the Report below.

Final remarks: The Audit Committee is of the opinion that it performed its responsibilities in 2022, and that the auditors, not having other commercial relations with the Company, can perform their duties in an independent manner.

5. Report on Remuneration Committee's activities.

In 2022, three meetings of the Remuneration Committee were held - on January 31, June 2 and November 25.

Remuneration Committee reports that it has obtained full disclosure and access to all necessary information regarding both the Remuneration Policy for Management and Supervisory Board Members and its application.

The Management Board Member-HR Director has provided a complete description of how the fixed and variable components of the Remuneration Policy relate to the yearly cycle of objective-setting and performance evaluation. The Committee is satisfied that Management is rigorous both in the design and in the application of the Remuneration Policy that appears to be adequate, in the competitive context of Poland, to encourage the achievement of Company targets.

The subject of the meeting of the Remuneration Committee on June 2, 2022 was i.a. opinion on the draft amendments to the Remuneration Policy for Members of the Management Board and Supervisory Board of Eurocash S.A.

The subject of the meeting of the Remuneration Committee on June 2 and November 25, 2022 was i.a. Incentive and Bonus Program for Employees from 2022 (hereinafter "Program") for certain key employees of the Company and companies directly or indirectly related by capital to the Company ("Eurocash Group"), established - after the recommendation of the Remuneration Committee and a positive opinion of the Supervisory Board of the Company on June 2, 2022 - on June 30, 2022, by the Ordinary General Meeting of the Company by Resolution No. 25. The Program is a continuation of incentive programs addressed to managers, executives and employees of fundamental importance for the activities conducted by the Eurocash Group, enabling the acquisition of shares in Company by distinguished persons as part of the bonus. In connection with the Program, the Company will issue 278,326 (two hundred and seventy-eight thousand, three hundred and twenty-six) Series P registered Bonds, each with a nominal value of PLN 1 (one) grosz, each of which will entitle to subscribe and take up 25 (twenty-five) Series N Shares with priority before the shareholders of the Company. The Series P Bonds will be redeemed by the Company on July 3, 2028 by paying a cash amount equal to the nominal value of the Series P Bonds. The persons entitled in the Program to purchase all or part of the Series P Bonds will be exclusively the management, executives and persons of primary importance to the business of the Eurocash Group, employed and performing their duties for a period of 3 years starting from January 1, 2022. The Program will be implemented only if (i) the consolidated operating profit (EBIT) of the Eurocash Group in 2025 will amount to at least PLN 600,000,000 or (ii) the average price of the Company's shares on the Warsaw Stock Exchange S.A. (calculated as the average of closing prices for each trading day) in the six-month period between July 1, 2024 and December 31, 2025 will be at least PLN 30.

The list of persons initially entitled to the Program was adopted in the above-mentioned Resolution No. 25 of the Ordinary General Meeting of the Company of June 30, 2022, and then - in accordance with the regulation of the above-mentioned resolutions of the General Meeting - in the resolution of the Supervisory Board of November 25, 2022 (following the positive recommendation of the Remuneration Committee of November 25, 2022).

Final remarks: Based on the above, the Remuneration Committee expresses a positive opinion on the mechanisms used to apply the Remuneration Policy during 2022 and confirm that remuneration payments made during 2022 are in compliance with this Policy. The detailed remuneration report will be prepared separately by the Supervisory Board and presented to the General Meeting for an opinion.

6. Report on Nomination Committee's activities.

In 2022, four meetings of the Nomination Committee were held on: January 31, May 11, June 2 and June 30, 2022.

In accordance with the provisions of the By-Laws of the Supervisory Board, in 2022 the Nomination Committee:

- at the meeting on January 31, 2022: conducted proceedings to identify and recommend to the Supervisory Board the candidates for Members of the Company's Management Board - Mr. Tomasz Polański and Mr. Dariusz Stolarczyk. As part of the performance of its tasks, the Nomination Committee conducted interviews with the candidates and prepared and verified documentation related to their candidacy and selection. As a result of the conducted procedure, the Nomination Committee recommended to the Supervisory Board the appointment of Mr. Tomasz Polański and Mr. Dariusz Stolarczyk as Members of the Company's Management Board;
- at the meeting on May 11, 2022, due to the approaching end of the term of office of the Supervisory Board, the Nomination Committee adopted a resolution to start the process of searching for candidates for members of the Supervisory Board of the Company;
- at the meeting on June 2, 2022, in connection with the planned Ordinary General Meeting of Eurocash S.A. and the upcoming expiry of the term of office of the Supervisory Board, the Nomination Committee determined and recommended to the Supervisory Board the approval of candidates for members of the Supervisory Board appointed by the General

Meeting in the following persons: Dr. Hans Joachim Körber and Mr. Przemysław Budkowski;

- at the meeting on June 30, 2022, based on the provisions of the Policy for the Assessment of Independence and Qualifications of Audit Committee Members, after making an initial individual assessment for each candidate for the Audit Committee of the Supervisory Board and a collective assessment for the entire Audit Committee, the Nomination Committee stated that Dr. Hans Joachim Körber and Mr. Jorge Mora meet the condition of independence and have knowledge and skills in the field of accounting and auditing financial statements (and Dr. Hans Joachim Körber also in the field of the industry in which the Company operates) and Mr. Francisco José Valente Hipólito dos Santos has knowledge and skills in the field of accounting and auditing financial statements and recommended the Supervisory Board to accept Dr. Hans Joachim Körber, Mr. Jorge Mora and Mr. Francisco José Valente Hipólito dos Santos as members of the Audit Committee.

7. Evaluation of internal control system and risk management system of the Company.

Supervisory Board systematically evaluates the quality of the internal control systems and risk management of the Company. The key elements of this system include (i) yearly business plan and budget adopted by the Management Board and approved by the Supervisory Board; (ii) the internal control carried out by the internal audit department; (iii) the Management Board's daily analysis of the results of the Company and comparison thereof with the budget (iv) a verification of the financial statements by an independent auditor selected by the Supervisory Board; and (v) evaluation of financial statements by the Supervisory Board.

On the basis of the evaluation carried out, the Supervisory Board is of the opinion that there were no weaknesses which could significantly impact on the effectiveness of the internal control and risk management system of the Company.

8. Evaluation of Corporate Governance Rules.

Pursuant to § 29 Sec. 2 of the Warsaw Stock Exchange S.A. Rules in the wording adopted by virtue of the Stock Exchange Council Resolution No. 1/1110/2006 dated January 4, 2006, with further amendments, Eurocash S.A. is obliged to apply the corporate governance rules set down in the document entitled "Good Practices of Companies Listed on the WSE 2021", which constitutes an attachment to Resolution No. 13/1834/2021 of the Stock Exchange Council dated 29 March 2021, available on the following website <https://www.gpw.pl/best-practice2021>.

In the financial year ended on December 31st, 2022, the Company complied with the corporate governance principles set out in the document "Good Practices of Companies listed on the WSE 2022" in accordance with the statement posted on the website: <https://grupaurocash.pl/inwestor/informacje-korporacyjne/lad-korporacyjny> (<https://grupaurocash.pl/assets/media/pl-gpw-dobre-praktyki-eurocash.pdf>)

Supervisory Board has given positive opinion on the Company's fulfilment of Corporate Governance Rules.

9. Evaluation of non-financial activities and Corporate Social Responsibility Report.

The Company has issued Non-Financial Report with description of Corporate Social Responsibility activities in its Consolidated Annual Report for 2022. The Supervisory Board has given positive opinion on the Company's the Corporate Social Responsibility communication of such activities.

Eurocash Group has published a non-financial report containing the full data required by the NFRD Directive and the EU Taxonomy. In the Eurocash Group, the percentage of turnover that qualifies for systematics is about 0.14% and about 13% for operating expenses (OpEx), and about 30% for capital expenditures (CapEx).

10. Concise evaluation of the Company's standing.

The Supervisory Board having analysed the standalone and consolidated financial statements, the Company results and the plans for future developments, has given positive opinion on the Company's and the Eurocash Group standing and prospects of development thereof. Concurrently the Supervisory Board recommended to the General Meeting to acknowledge fulfilment of the Management Board duties in 2022. The more detailed comments are highlighted in the following points:

Key financial results:

In the fiscal year of 2022 the consolidated sales of Eurocash Group in 2022 amounted to **PLN 30 857 664 974** million and increased by **17,41 %** comparing with 2021. Consolidated net profit amounted to **PLN 89 230 467** million, what represents a positive difference of **PLN 188 572 902** million as compared to the loss in 2021. Standalone sales of the Company amounted to **PLN 18 660 441 597** million and increased by 15,78 % comparing with 2021. Standalone net profit of the Company amounted to **PLN 171 228 360** million and represents a positive difference of **PLN 34 214 868** million as compared to the profit in 2021.

Other significant undertakings - Strategy of the Eurocash Group for 2023-2025

The Management Board of Eurocash Group, through its actions, aims at sustainable development of the Group's business and its customers. The overriding goals of Eurocash Group are to ensure the competitiveness of independent retail stores in Poland, to offer added value to the Group's customers and to increase the Group's value for its shareholders.

On August 29, 2022, the company published the Strategy for the Eurocash Group for 2023-2025, adopted by the Management Board. According to the Strategy, the Eurocash Group will focus on further development of its core business in 2023-2025:

- In the area of Wholesale: the Eurocash Group's goal is to further develop omnichannel wholesale (multi-channel sales), which is expected to lead to increased loyalty of B2B customers, further building of cost and sales synergies, and, consequently, to improve purchasing conditions and double B2B e-commerce sales; Eurocash intends to strengthen its leading position on the wholesale market in Poland and significantly increase its customers' sales in this segment;
- In the area of Franchising (organizer of franchise and partner networks): concentrating investments in the development and positioning of franchise and partner networks, increasing the number of networked stores and market share; further development of Delikatesy Centrum based on the franchise system, including with partners);
- The third direction of the Group's development will be the technology platform: integrated loyalty program , the creation of a leading POS platform in independent trade, the growth of Frisco's share of B2C ecommerce trade and the achievement of Frisco's 1 billion revenue by the end of 2025
- Responsible development activities (described in detail in the 2022 Non-Financial Activity Report) are also an important element of the Strategy.

At the same time, the Company's Management Board decided to focus on improving the profitability of non-core/non-strategic operations - which include Delikatesy Centrum's own store segment, reducing or discontinuing its development.

As a result of implementing the Strategy, the Eurocash Group plans to achieve an EBITDA result of PLN 1 billion (before MSSF 16) in 2025. The Management Board estimates that in 2023-2025 the cumulative increase in cost efficiency will amount to PLN 100 million EBITDA.

Eurocash's Management Board will aim to stabilize the financing structure at a ratio of 1.5x Net Debt/EBITDA (before MSSF 16), with temporarily higher levels of the index to take advantage of the opportunity to increase market shares.

Eurocash's goal is to return to regular dividend payments to shareholders, while the terms and amount of the dividend will take into account the terms and structure of financing to which the Group will be a party.

The Group implements its strategy through:

- meeting the needs of customers using various distribution formats and forms of cooperation, as well as providing customers with the expected level of quality and service;
- creating a sustainable competitive advantage of the Group through the scale effect;
- systematic optimization of costs and integration of operating systems of all business units operating within the Group.

As part of the wholesale activity, the Eurocash Group will focus on integrating individual business units, sharing the best solutions developed by each of the formats and implementing group synergies. Further development of wholesale activities should also be supported by the eurocash.pl platform, which gives owners of independent retail stores the opportunity to indirectly reduce costs and, above all, better address the needs of consumers. In 2022, the number of buyers through it increased to nearly 17,000 (22% increase y/y), whose turnover accounted for 54% of sales (16% increase y/y).

One of the strategic goals of the Group is to create a leading POS platform in independent trade. At the end of 2022, 3,767 stores are integrated with the platform (1,452 more than at the end of 2021). In addition, the Group established cooperation with Comp S.A. which will contribute to further expansion of the platform's reach - nearly 1,000 stores to be integrated and plans for further joint development.

In order to implement the strategic ambition of the Group, which is to create one effective retail organization with an integrated loyalty program, a new business unit was established in 2022 - Eurocash Sieci Partnerskie. Ultimately, the unit will combine the following chains: Groszek, Euro Sklep and abc.

In order to maintain the competitiveness of independent stores in Poland, the Eurocash Group develops innovative projects. After successfully implementing concepts in recent years, such as Faktoria Win or distribution of fresh products, the Company decided to develop the companies Duży Ben (alcohol stores run in the agency model) and Frisco (e-commerce).

Final comments:

The Eurocash Group has a leader position in wholesale distribution of FMCG product, strengthened by increased scale of cooperation with clients integrated in franchise and partnership chains

Eurocash Group's sales revenue in 2022 amounted to **PLN 30 857,7 million**, 17.4% more than in the previous year. The increase was attributable to improved sales in all business segments. Eurocash Group's gross margin in 2022 increased by 0.74 p.p. y/y and amounted to 13.72%. EBITDA amounted to round PLN 1 billion in 2022 and increased by 41.3% y/y. Eurocash Group's net profit reached PLN 89.2 million. This is the result of increases in sales and efficiency in all segments of the Group.

It should be noted that the 2021 result was burdened by one-off events, most notably an impairment charge for the closure of 50 own stores - excluding such events, normalized EBITDA for 2021 would have amounted to PLN 782,2 million.

Profitability was impacted also by increase of investments to strengthen position of independent retailers such as development of innovative retail formats under brands: Kontigo, abc on wheels, Duży Ben and Frisco.

11. Transactions with related parties.

In accordance with the Procedure of the Supervisory Board of Eurocash S.A. concerning the periodic assessment of transactions concluded with related parties, adopted in Resolution No. 3 of the Supervisory Board dated 25 August 2020 ("Procedure"), the Supervisory Board assessed whether in 2022 there were significant transactions (within the meaning of the Procedure) that meet the conditions specified in Art. 90j sec. 1 point 1 of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to organized trading and on public companies, i.e. whether significant transactions were concluded at arm's length basis, and as part of the ordinary course of business of Eurocash or a company which is a Eurocash related entity.

The Supervisory Board confirms that significant transactions (as defined in the Procedure), which took place in 2022 and which are not subject to exclusion from the Supervisory Board's assessment due to their conclusion between entities that are 100% subsidiaries of Eurocash, were concluded at arm's length basis, and as part of the ordinary course of business of the Company.

The Report of the Supervisory Board of the Company was adopted in accordance with § 14.2.(iii) of the Company's Statute and § 5.7 of the By-Laws of the Supervisory Board of Eurocash S.A.