

## **Brief description of the economic situation of INTERSPORT Polska S.A.**

**In the period from 1 January 2014 to 31 December 2014 submitted to the Supervisory Board,  
General Assembly, and Shareholders**

In connection with Good Practices of WSE Listed Companies, the Supervisory Board has decided the following:

The Company's Supervisory Board assessed the Company's economic situation in 2014.

The assessment of the Supervisory Board is based on the review of the Company's affairs and discussions carried out with the Management Board and employees of the Company at quarterly meetings and on ongoing basis, in consideration of the internal control system and risk management system of the Company. The Supervisory Board additionally also took into account the assessment of the financial statements for the first half-year and the financial year 2014 made by the Audit Committee.

Having reviewed the financial statements of INTERSPORT Polska S.A. Company as of 31 December 2014, including:

- The balance sheet for 31 December 2014 which shows the total balance of assets, equity, and liabilities in the amount of PLN 150 212 k
- Profit and loss statement for the period from 1 January 2013 to 31 December 2013 which shows net loss of PLN 2 653 k,
- Cash-flow statement which shows net cash flow in the financial year 2014 by the amount of PLN 343 k
- Additional information,

complete with the opinion of the chartered auditor reviewing the financial statement on behalf of WL Finanse sp. z o.o. with the seat in Kraków – the entity authorized to review financial statements, the Supervisory Board accepts the above documents without any reservations due to the fact that they comply with the documents and books of the Company as well as the factual circumstances and therefore recommends the General Assembly of Shareholders the approval thereof.

In addition, the Supervisory Board positively assesses the request of the Management Board on covering the Company's loss and decides to recommends to the General Assembly of Shareholders that the Company's net loss for 2014 in the amount of PLN 2 653 324.79 is covered from the supplementary capital of the Company, as requested by the Board.

In 2014 the Company reported loss on operating activities of PLN 984 k. and EBITDA amounted to PLN 5 692 k.

Despite the fact that the Company generated loss in 2014, the activities of the Management Board can be considered as heading in the right direction. Those were related to:

1. Increasing the percentage share of the sale of all-year product groups such as football, running, fitness, tourism in relation to winter product groups (skiing, snowboarding). The activities of the Company have led, practically, to the evening of the revenues gained from the sale of typical winter products and all-year products.
2. Optimization of trading area – the Supervisory Board recognizes as appropriate the activities aimed at decreasing the area of the stores in Łódź (-1.587 m<sup>2</sup>) and Gdynia (-1.396 m<sup>2</sup>) and the opening, on advantageous financial terms of new stores in Lublin (883 m<sup>2</sup>), Kalisz (501 m<sup>2</sup>) and Olsztyn (634 m<sup>2</sup>). In effect of these activities the trading area of the whole network of stores and the cost of rental remained at the same level.

The Supervisory Board indicates that the Company maintains a clear policy with regard to financial reporting. The Supervisory Board positively assesses the Company's system of internal control and risk management system.

In the period from 1 January 2014 to 31 December 2014 the Management Board of INTERSPORT Polska S.A. acted in the following composition:

Artur Mikołajko – President of the Management Board

Sławomir Gil – Vice-President of the Management Board

In the period from 1 January 2014 to 31 December 2014 the Supervisory Board of INTERSPORT Polska S.A. supervised the Company's activity acting in the following composition:

1. Artur Olender – President of the Supervisory Board, at the same time a Member of the Audit Committee,
2. Beata Mikołajko – Deputy President of the Supervisory Board ,
3. Łukasz Gil – Member of the Supervisory Board and at the same time member of the Audit Committee,
4. Dorota Radwańska – Member of the Supervisory Board and at the same time member of the Remuneration and Nomination Committee;
5. Klaus Jost – Member of the Supervisory Board and at the same time member of the Remuneration and Nomination Committee who resigned his office on 10 December 2014.

Piotr Dygas – Member of the Supervisory Board and at the same time member of the Remuneration and Nomination Committee and Audit Committee.

Within the Supervisory Board act two committees – the Audit Committee and the Remuneration and Nomination Committee. In 2014 the committees had the following members:

Audit Committee: Łukasz Gil, Piotr Dygas, Artur Olender (President).

Remuneration and Nomination Committee: Klaus Jost (by 10 December 2014), Dorota Radwańska, Piotr Dygas (President).

The Supervisory Board is of the opinion that its current composition has necessary competences to perform its responsibilities in a substantive and effective manner.

The Brief Description of the Company's economic situation was prepared by the Supervisory Board for the Shareholders and General Assembly in connection with closing the financial year 2014.

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Artur Olender – President of the Supervisory Board

Beata Mikołajko – Deputy President of the Supervisory Board

Łukasz Gil – Member of the Supervisory Board

Dorota Radwańska – Member of the Supervisory Board

Piotr Dygas – Member of the Supervisory Board

*(signatures on the original document)*