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Summary of 2Q2023

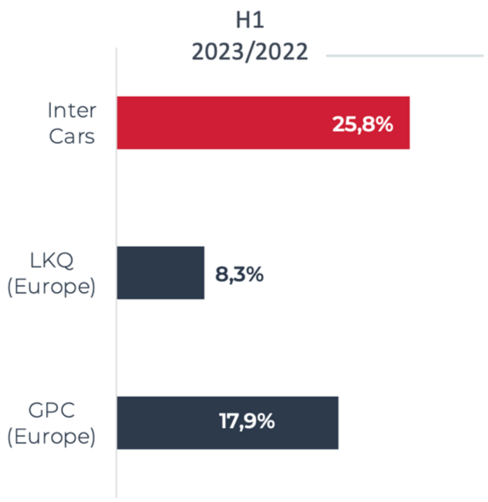
After 1H2023, the Inter Cars Group reported record sales revenues of PLN 8.7 billion. Revenue increase was over 25% compared to the same period of 2022.

At the profit level, on the other hand, we achieved an increase by 9.8%, amounting to PLN 356 million. Whilst in Q2 2023 alone, we recorded a 26% decrease in profit to PLN 155m..

Before commenting on the results themselves, some information about the market....

Market information... about competition, consolidation, etc.

In relation to its competitors on the European market, Inter Cars in 1H2023 is the #1 player in CEE passenger cars and trucks



[mio EUR]	H1 2023	H1 2022	change %
Inter Cars	1 896	1 507	25,81%
LKQ (Europe)	2 956	2 730	8,28%
GPC (Europe)	1663	1410	17,94%
Total	6 515	5 647	15,37%

[mio EUR]	2022	2021	change %
Inter Cars	3 258	2 674	21,8%
LKQ (Europe)	5 465	5 133	6,5%
GPC (Europe)	2 928	2 462	18,9%
Total	11 879	10 475	13,4%

Data	H1			YEAR		
FX rates	2023	2022	change %	2022	2021	change %
EUR -> PLN	4,6130	4,6427	-0,6 %	4,688	4,578	2,4 %
USD -> PLN	4,2711	4,2744	-0,7 %	4,468	3,876	15,3 %

Looking at the growths per geographical market, we are satisfied with increases of over 20%. In most CEE countries we are the leaders in sales growth.

However, it is worth noting that the Polish market in particular, which accounts for 40% of the Group's revenue, is currently highly competitive.

From the segment point of view, the passenger car repair market is still strong in most European countries where Inter Cars has a ground-based distribution network.

We currently see no signs of this trend being changed. What is important is that we have a large and ageing car fleet in Europe and the number of kilometres driven per driver remain quite constant.

The truck parts segment, on the other hand, is seeing a slowdown due to the weakening economy and falling investments.

In the tyre segment, on the other hand, we are recording declines in sales to distribution.

Across Europe, tyre manufacturers have been facing declining sales and have had to adapt to difficult market conditions, i.e. weakening demand. It is hoped that in the coming months of this year and then in 2024, the situation will improve and we will see a return to growth in tyre sales.

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Looking at our report:

Consolidated margin on sales amount to 29.2%. In the first half of 2023 the influence of currency exchange gains and losses on the margin was -0.6 percent points, whilst in the same period of 2022 it was comparable, at the level of -0.3 percent point.

After elimination of exchange rate differences, the margin would amount to 29.8% for 1H 2023 and 31.3% for 1H 2022. This means a decrease of margin by 1.5 percent points.

The decrease in margin and the net profit in 2nd quarter 2023 is mainly due to the strengthening PLN/EUR exchange rate as well as a temporary decrease in margins caused by the sale of more expensive goods purchased at a higher exchange rate and an increase in costs resulting from the general situation in the economy.

It is worth emphasising here, that in the case of the Inter Cars Group, the strengthening of the zloty (local currency) creates a natural downward pressure on prices, due to the fall in the prices of goods purchased in the currency. In turn, the weakening of the local currency naturally provides greater opportunities to raise prices and realise higher margins on previously purchased goods.

In addition, as at 30 June 2023, we had a significant excess of trade receivables over trade payables denominated in Euro. We relate the change in value of these items to operating activities in the income statement at the gross margin level.

In the same way as we explained the 4Q2022 result, our results should be viewed over a longer period, which is less sensitive to temporary fluctuations, if only in the exchange rate.

Comment on currency exchange gains/losses

The strengthening of the zloty, which occurred in the second quarter, therefore had a significant negative impact on our results (significantly higher than in Q1 2023), with the majority of the foreign exchange losses at 30 June 2023 being valuation (unrealised) differences.

Looking at the business we should only look at the amount of foreign exchange gains and losses realised or paid. So, the balance of 52 million foreign exchange losses recognised in the margin consisted of 70 million unrealized losses and 18 million realized gains.

This means that in the event of a weakening of PLN against EUR in Q3 2023, we can potentially expect some or all of the 70 million foreign exchange losses to be reversed in subsequent months.

Historically, the year-on-year effect of exchange rate differences on the Group's net result was usually +/- 2-5% of the result.

in kPLN	2016	2017	2018	2019	2020	2021	2022	1H2023
fx from subsidiaries	**1 743**	**(16 171)**	**1 986**	**1 873**	**(48 892)**	**11 742**	**(34 756)**	**5 741**
total fx from ICPL	**4 879**	**(13 893)**	**8 086**	**(9 807)**	**58 783**	**(24 934)**	**(6 069)**	**(52 325)**
unrealised fx (ICPL)	*1 113*	*(14 709)*	*13 251*	*(9 857)*	*35 403*	*(25 769)*	*14 244*	*(70 259)*
realised fx (ICPL)	*3 766*	*816*	*(5 164)*	*50*	*23 380*	*835*	*(20 313)*	*17 933*
effect on Group's gross profit on sales	**6 622**	**(30 064)**	**10 072**	**(7 934)**	**9 891**	**(13 192)**	**(40 824)**	**(46 583)**
gross profit with fx	1 842 087	2 021 560	2 310 276	2 582 637	2 742 843	3 751 234	4 654 987	2 555 953
gross profit w/o fx	1 835 465	2 051 624	2 300 204	2 590 571	2 732 952	3 764 426	4 695 811	2 602 536
gross profit margin with fx	**30,80%**	**29,30%**	**29,10%**	**29,50%**	**29,90%**	**30,60%**	**30,50%**	**29,20%**
gross profit margin w/o fx	**30,70%**	**29,70%**	**29,00%**	**29,60%**	**29,80%**	**30,80%**	**30,70%**	**29,80%**
	-0,10%	*0,40%*	*-0,10%*	*0,10%*	*-0,10%*	*0,20%*	*0,20%*	*0,60%*
net result	230 064	216 428	223 086	227 096	333 320	699 580	745 698	356 827
total fx / net result	*2,88%*	*-13,89%*	*4,52%*	*-3,49%*	*2,97%*	*-1,89%*	*-5,47%*	*-13,05%*

The costs of sale and administration in 1H2023 went up by 0.3% to 13.7% compared to the same period of 2022.

Also key to improving profitability is the further optimisation of stock rotation.

Up to the balance sheet date vs the corresponding period of the previous year, we have improved the rotation by 5 days compared to the corresponding period of the previous year. Our ambition is to further improve the stock rotation by another 10 days.

	1H2023	**1H2022**
Inventory cycle in days	135	140
Average collection period in days	47	48
Operating cycle in days	182	188
Average payment cycle in days	50	51
Cash conversion cycle in days	131	137

With regard to other important issues affecting profitability in 2023, it is worth mentioning that:

1. We are developing sales in the B2B export channel in Western European markets with high sales and profitability growth
   The export channel from Poland to Western Europe grew very dynamically in 2023, by more than 37%.
2. In addition, we are developing sales in the on-line channel in selected Western European countries
3. We continue to optimise internal processes, for example last-mile logistics, and invest in digitalisation and standardisation of processes across the Capital Group.
4. We have limited international expansion in brick and mortar distribution. The exception to this rule will be Albania in 2024.
5. In March we started construction of a new hall in Zakroczym. The building is currently being finished inside. We plan to have it operational by the end of the first quarter of 2024. In the meantime, we have completed design work on phase I of the automation/robotisation of selected products in the existing hall - installation and launching is planned for the second quarter of 2024.
6. We are currently preparing the investment in Romania, i.e. the relocation of the Brasov warehouse to a new location and its automation/robotisation. We are in the process of signing a new lease agreement. After the completion of the first stage in Zakroczym and in parallel with the change process in Romania, we will start the second stage of the modernisation of Zakroczym - automation/robotisation of the remaining product groups, excluding extra-large goods. This year we will spend PLN 150 million on the investment in Zakroczym, next year the same amount. We are also assuming expenditure of PLN 150 million on the investment in Romania in 2024.
7. Further investments include the robotisation of the warehouse in Sosnowiec, as well as the construction, equipping and launch of a new warehouse near Poznań - in 2025-2026.

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In general, we have a favourable market environment for our industry, compared to the economy as a whole, and the automotive parts distribution industry appears to be a safe harbour against this background.

In 2023, we plan to open more than a dozen new branches in the countries in which we operate.

The outlook for the business remains positive with a few comments we made earlier regarding the truck and tyre segment.

We still see room for strong sales growth outside Poland and in various sales channels.

Summarizing: In all markets, we are optimistic about our sales performance and profitability throughout 2023.