KS

Summary of 3Q2023

After 3Q2023, the Inter Cars Group also reported record sales revenues of PLN 13.3 billion. Revenue growth was over 22% compared to the same period in 2022, slightly lower than after 1h2023. As a reminder, at the beginning of the year we had assumed double-digit sales growth of around 20%.

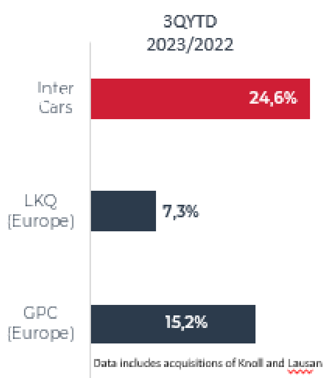
At the profit level, on the other hand, we achieved net profit growth for the 3 quarters of 2023 of 7.3% and profit amounted to PLN 581 million against PLN 543 million.

On the other hand, in Q3 2023 alone, we recorded a 3% increase in profit to PLN 225m.

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

In relation to its competitors on the European market, Inter Cars in Q3 2023 is the #1 player in CEE passenger cars and trucks

INTER CARS IN LAST 12 MONTHS



[mio EUR]	YTD 3Q 2023	YTD 3Q 2022	change %
Inter Cars	2 906	2 332	24,6%
LKQ (Europe)	4 418	4 116	7,3%
GPC (Europe)	2 494	2 165	15,2%
Total	9 818	8 613	14,0%

[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	YTD 3Q			YEAR		
FX rates	2023	2022	change %	2022	2021	change %
EUR -> PLN	4,577	4,688	-2,4 %	4,688	4,578	2,4 %
USD -> PLN	4,234	4,441	-4,7%	4,468	3,876	15,3 %

Comparing the dynamics to our competitors, we are decreasing the distance to LKQ, back in 2019 the ratio of LKQ revenue to IC was x2.6, now it is x1.6

We estimate the growth of the aftermarket in Europe to be between 2-8%.

It is evident that the above companies that are consolidating the market are growing faster than the market.

We are feeling the price pressure in some of the markets where we are present.

As for the gross margin, it is 1.4 p.p. lower than in the same period last year, but it is rather stable in the quarters this year. One reason for this is segment and geographical diversification.

Looking at the growths per geographical market, we are satisfied with growth of over 20%, while it is worth noting that the growth of foreign distribution companies is even higher, averaging over 25%.

In most CEE countries we are the leaders in sales growth, as shown on the maps in our investor presentation. We are the leader in both the passenger and truck markets.

However, it is worth noting that the Polish market in particular, which accounts for 40% of the Group's revenue, is currently highly competitive. While in the same period of the previous year, revenue from the Polish market accounted for 42% of the Group's consolidated revenue.

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

This is due to the fact that the car fleet in Europe is still ageing, which is contributed among other things by lower sales of new cars.

We currently see no signs of this trend being changed.

It is also worth noting that Inter Cars is mainly positioned in CEE markets where the age structure is favourable for the development of the aftermarket.

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

The tyre segment, on the other hand, has seen year-to-date sales declines since the beginning of the year, with IC vs. competitor sales declines appearing to be the smallest.

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

PZ:

Looking at our report:

Consolidated margin on sales amount to 29.6%. After Q3 2023, the impact of exchange rate gains/losses on the change in margin was -0.2 p.p.. After eliminating the impact of exchange rate differences, the margin would be 29.8%. Which means a margin decrease of 1.4 p.p. compared to the same period last year.

The decrease in margin, resulting from the decrease in net profit in 3 quarters 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.

Comment on currency exchange gains/losses

As expected, there was a reversal of exchange rate gains/losses from the previous quarters of 2023 in Q3 2023. It is worth emphasising here again that the most of exchange rate gains/losses are resulting from the valuation as at the balance sheet date and therefore unrealized differences.

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

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%*

	2022	1Q2023	2Q2023	1H2023	3Q2023	3Q2023 ytd
turnover	15 285 101	4 188 675	4 556 177	8 744 852	4 556 840	13 301 692
margin	4 654 987	1 260 112	1 295 841	2 555 953	1 386 403	3 942 356
margin %	30,5%	30,1%	28,4%	29,2%	30,4%	29,6%
reaslised fx diff for parent company	20 313	- 9 859	- 8 074	- 17 933	23 798	5 865
unrealised fx diff for parent company	- 14 244	9 634	60 625	70 259	- 53 898	16 360
fx diff for other subsidiaries	34 756	- 10 892	5 151	- 5 741	6 960	1 219
total fx diff	*40 825*	*- 11 118*	*57 702*	*46 584*	*- 23 140*	*23 445*
margin w/o fx	**4 695 812**	**1 248 994**	**1 353 543**	**2 602 537**	**1 363 263**	**3 965 801**
margin w/o fx %	30,7%	29,8%	29,7%	29,8%	29,9%	29,8%

The costs of sale and administration in 3 quarters of 2023 went up by 0.5% to 13.6% compared to the same period of 2022.

Also key to improving profitability is the further optimisation of processes and thus costs. At present, the key areas that we are optimising are internal processes, especially logistics, i.e. in the last mile, and we are investing in the digitalisation and standardisation of processes across the Capital Group.

In line with our announcements, in Q3 2023 we improved stock rotation by nine days compared to the same period last year. With our ambition to improve stock rotation by 10 days.

We improved the operating cycle in days by 5 days after 3 quarters 2023 (comparing to the same period of previous year)

	3Q2023	3Q2022
Inventory cycle in days	139	143
Average collection period in days	51	52
Operating cycle in days	190	195
Average payment cycle in days	55	61
Cash conversion cycle in days	135	133

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

1. 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.

2. 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.

The total cost of investment in logistics over the next five years is approximately PLN 1.6 billion.

3. 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.

Finally, a brief commentary on the current sales results for October 2023.

-sales growth in the last 2 months have improved, compared to previous months

-we expect high sales growth for seasonal products including tyres in November and December 2023.

-due to IC's presence in many markets including the south, the full potential of the sales growth in the autumn/winter season has not been revealed due to relatively high temperatures in those countries

-we note a slight recovery in the truck segment, which for most of 2023 experienced a decline in growth and sales.

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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.

The outlook for the industry remains positive. We still see room for strong sales growth outside Poland and in various sales channels.