INTER CARS SPÓŁKA AKCYJNA

ANNUAL SEPARATE FINANCIAL STATEMENTS

2022

The document is not to be treated as an official version. The report in an XBRL format is to be found at: https://inwestor.intercars.com.pl/pl/raporty/raporty-okresowe/

ANNUAL SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD from 1 January to 31 December 2022

Table of contents

Financial highlights:

in thousand PLN	for the period of 12 months ended on 31/12/2022	for the period of 12 months ended on 31/12/2021	for the period of 12 months ended on 31/12/2022	for the period of 12 months ended on 31/12/2021
	PLN	*PLN*	*EUR*	*EUR*
Profit and loss account *(for the period)*				
Revenues from the sale of products, goods and materials	10,326,349	8 383 755	2,202,579	1 831 514
Gross profit on sales	2 632 793	2 140 804	561 567	467 680
License fees	(43 082)	(35 548)	(9 189)	(7 766)
Net financial revenues / costs	5 745	39 729	1 225	8 679
Operating results	647 816	551 466	138 177	120 473
Net profit	542 599	482 162	115 735	105 333
Other financial data				
Operating cash flows	(377 410)	(85 167)	(80 500)	(18 606)
Investing cash flows	33 567	35 998	7 160	7 864
Financing cash flows	393 522	55 584	83 937	12 143
Basic profit per share	38,30	34,03	8,17	7,43
Sales margin	25.50%	25.54%		
EBITDA margin	6.65%	6.97%		
EBITDA	686 455	584 466	146 419	127 682
Balance sheet *(as at)*	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Cash and cash equivalents	75 173	25 494	16 029	5 543
Balance sheet total	6 237 170	4 912 877	1 329 915	1 068 156
Interest-bearing loans and borrowings, debt securities and leasing	1 794 738	1 182 784	382 682	257 160
Equity	2 775 018	2 252 538	591 701	489 746

Employment and branches	**31/12/2022**	**31/12/2021**
Employees	882	770
Branches	244	240

The EBITDA ratio is calculated as the total of the operating profit and depreciation for the reporting period.

The following exchange rates were applied to calculate selected financial data in EUR:

- <u>for the statement of financial position items</u> – the National Bank of Poland exchange rate of 31 December 2022 – EUR 1 = PLN 4.6899, and the National Bank of Poland exchange rate of 31 December 2021 – EUR 1 = PLN 4.5994
- <u>for the comprehensive income and cash flow statement items</u> – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of 2022 and 2021, respectively: 1 EUR = PLN 4.6883 and 1 EUR = PLN 4.5775.

Information about INTER CARS S.A.

1. **Scope of activities**

   The principal activities of Inter Cars Spółka Akcyjna (hereinafter referred to as “Inter Cars”, „The Company”) are import and distribution of spare parts and tyres for passenger cars and utility vehicles.

2. **Registered seat**

   ul Powsińska 64
   02-903 Warsaw
   Poland
   Central Warehouse:
   Europejskie Centrum Logistyczne (European Logistics Centre)
   Swobodnia 35
   05-170 Zakroczym

   Administrative data of the Company

   The Company has been entered into the Register of Companies of the National Court Register kept by the District Court for the capital city of Warsaw, in Warsaw, XII Commercial Department of the National Court Register, under the following number:
   KRS 0000008734
   NIP 1181452946
   Regon 014992887

3. **Contact details**

   phone (+48-22) 714 19 16
   fax. (+48-22) 714 19 18
   bzarzadu@intercars.eu
   relacje.inwestorskie@intercars.eu
   www.intercars.com.pl

4. **Supervisory Board (as at the date of approval of the financial statements)**

   Andrzej Oliszewski, President
   Piotr Płoszajski
   Tomasz Rusak
   Jacek Klimczak
   Jacek Podgórski
   Radosław Kudła

5. **Management Board (as at the date of approval of the financial statements)**

   Maciej Oleksowicz, President
   Krzysztof Soszyński, Vice-President
   Wojciech Twaróg, Member of the Management Board
   Piotr Zamora, Member of the Management Board

6. **Statutory auditor**

   PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
   ul. Polna 11
   00-633 Warsaw

7. Subsidiaries

As at 31 December 2022, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the parent entity, and 35 other entities, including:

- 33 subsidiaries of Inter Cars S.A.
- 2 indirect subsidiaries of Inter Cars S.A.

The Company also holds shares in two related entities.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2022	31/12/2021
Parent company					
Inter Cars S.A.	Warsaw, Poland	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2022	31/12/2021
Inter Cars Ukraine	Khmelnytsky, Ukraine	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Cząstków Mazowiecki, Poland	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk, Poland	Remanufacturing of car parts	full	100%	100%
Inter Cars Česká republika s.r.o.	Prague, Czech Republic	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Warsaw, Poland	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%
IC Development & Finance Sp. z o.o	Warsaw, Poland	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw, Poland	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Slovenská republika s.r.o.	Bratislava, Slovakia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Vilnius, Lithuania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Belgium NV (formerly JC Auto S.A.)	Hasslt, Belgium	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Hungária Kft	Budapest, Hungary	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Italia s.r.l	Pero, Italy	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Zagreb (Grad Zagreb), Croatia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Nicosia, Cyprus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Mārupes nov., Mārupe , Latvia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Subsidiaries (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2022	31/12/2021
Cleverlog-Autoteile GmbH	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Cząstków Mazowiecki, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Swobodnia, municipality Zak roczym, Poland	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Birkirkara, Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Sale of delivery vans and trucks	full	100%	100%
Inter Cars INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o.Inter Cars INT d.o.o.	Ljubljana, Slovenia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Tallinn, Estonia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars GREECE.	Ilioupoli Attiki, Greece	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars United Kingdom - automotive technology Ltd	Tipton, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o. Beograd-Rakovica	Belgrade-Rakovica, Serbia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Fleet Services Sp. z o.o.	Warsaw Poland	Services for motor-vehicle fleets related to vehicle repairs	full	100%	100%
OOO Inter Cars Automobilna Technika*	Mogilev, Belarus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Norge AS**	Oslo, Norway	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
CB Dystrybucja Sp. z o.o.	Warsaw, Poland	Point of sale management	full	-	100%
Indirect subsidiaries					
Inter Cars Malta Limited****	Birkirkara, Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o o*****	Vinkovci, Croatia	Distribution of spare parts and real estate rental	full	100%	100%

Subsidiaries (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2022	31/12/2021
Associated entities					
InterMeko Europe Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%
Partslife International Kft*******	Hungary Dunakeszi	Environmental and ecological services	equity method	33.3%	-

* The Company has not started operating activities, not consolidated 2022, company shares were impaired in June 2022.

** The Company acquired in August 2021, has not started operating activities yet, not consolidated in 2022.

*** The Company acquired in November 2022,, has not started operating activities yet, not consolidated in 2022.

**** 99.98% shares held by subsidiary company Inter Cars Malta Holding Limited, Inter Cars Cyprus Limited holds 1 share

***** 100% shares held by subsidiary company Inter Cars d.o.o. (Croatia)

******* 33.3% shares held Parent company Inter Cars S.A..

On 30 May 2022, the subsidiary CB Dystrybucja Sp. z o.o., whose business was point of sale management, was sold.

In addition, in December the Company acquired Brillant 3907. GmbH (renamed to Inter Cars Deutschland GmbH) , which will distribute spare parts and accessories for cars, buses and motorbikes on the German market.

In the reporting period there were no other changes in the structure of the entity, including business combinations, takeovers or sales entities of the Capital Group of the Company, long-term investments, division, restructuring or cessation of business activities.

8. Stock exchange listings

The shares of Inter Cars S.A. are listed on the Warsaw Stock Exchange in the continuous trading system.

9. Date of approval of the financial statements for publication

These annual separate financial statements were approved by the Management Board of Inter Cars S.A for publication on 26 April 2023.

ANNUAL SEPARATE STATEMENT OF FINANCIAL POSITION

(in thousand PLN)

ASSETS	Note no.	31/12/2022	31/12/2021
Non-current assets			
Tangible fixed assets	6	121 359	103 198
Right-of-use assets	7	27 298	26 573
Intangible assets	8	186 438	183 097
Investments in subordinated entities	11	508 347	508 265
Investments available for sale		1 189	258
Receivables	14	23 324	13 645
Financial sub-lease receivables	23	95 945	103 777
		963 900	**938 813**
Current assets			
Inventory	13	2 389 835	1 761 693
Trade and other receivables	14	2 762 306	2 141 491
Financial sub-lease receivables	23	45 956	45 386
Cash and cash equivalents	15	75 173	25 494
		5 273 270	**3 974 064**
TOTAL ASSETS		**6 237 170**	**4 912 877**
LIABILITIES			
Equity			
Share capital	16	28 336	28 336
Share premium account	16	259 530	259 530
Supplementary capital		1 938 295	1 476 252
Other reserve capitals		5 935	5 935
Retained earnings from previous and current years		542 922	482 485
		2 775 018	**2 252 538**
Long-term liabilities			
Liabilities due to credits, loans	18	710 650	564 517
Other lease liabilities	19	33 026	24 494
Liabilities due to lease transformed into sub-lease	23	95 945	103 777
Deferred income tax provision	12	53 661	46 704
		893 282	**739 492**
Short-term liabilities			
Trade and other liabilities	20	1 397 818	1 201 282
Liabilities on credits, loans, debt securities	18	1 030 268	587 798
Other lease liabilities	19	20 794	5 975
Liabilities due to lease transformed into sub-lease	23	45 956	45 386
Employee benefits	21	14 491	12 446
Income tax liabilities	22	59 543	67 960
		2 568 870	**1 920 847**
TOTAL LIABILITIES		**6 237 170**	**4 912 877**

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note no.	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Revenues from the sale of products, goods and materials	24	10 326 349	8 383 755
Cost of sales	25	(7 693 556)	(6 242 951)
Gross profit on sales		**2 632 793**	**2 140 804**
Other operating revenue	28	52 298	12 730
Selling cost, general and administrative expenses	26	(1 209 452)	(891 903)
Costs of distribution service	26	(732,951)	(623 994)
License fees	26	(43,082)	(35 548)
Other operating expenses	29	(51 792)	(50 623)
Operating results		**647 814**	**551 466**
Financial revenue	30	19 870	8 887
Dividends received	30	103 591	58 359
Foreign exchange gain/loss	30	(2,020)	3 419
Financial costs	30	(115 696)	(30 936)
Profit before tax		**653 559**	**591 195**
Income tax	32	(110 960)	(109 033)
Net profit		**542 599**	**482 162**
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income, net		**-**	**-**
COMPREHENSIVE INCOME		**542 599**	**482 162**
Earnings per share (PLN)			
- basic and diluted	17	38,30	34,03
Weighted average number of shares in the year		14 168 100	14 168 100

ANNUAL SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2022 to 31 December 2022

(in thousand PLN)	Note no.	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	**Total equity**
As at 1 January 2022		**28 336**	**259 530**	**1 476 252**	**5 935**	**482 485**	**2 252 538**
Statement of comprehensive income							
Profit in the reporting period		-	-	-	-	542 599	**542 599**
Total comprehensive income		**-**	**-**	**-**	**-**	**542 599**	**542 599**
Distribution of prior period profit – dividend	33	-	-	-	-	(20 119)	**(20,119)**
Distribution of retained profits - transferred to supplementary capital	33	-	-	462 043	-	(462 043)	**-**
As at 31 December 2022		**28 336**	**259 530**	**1 938 295**	**5 935**	**542 922**	**2 775 018**

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF CHANGES IN EQUITY(CONT.)

for the period from 1 January 2021 to 31 December 2021

(in thousand PLN)	Note no.	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	**Total equity**
As at 1 January 2021		**28 336**	**259 530**	**1 273 761**	**5 935**	**222 933**	**1 790 495**
Statement of comprehensive income							
Profit in the reporting period		-	-	-	-	482 162	**482 162**
Total comprehensive income		**-**	**-**	**-**	**-**	**482 162**	**482 162**
Transactions with shareholders							
Distribution of prior period profit – dividend	33	-	-	-	-	(20 119)	**(20 119)**
Distribution of retained profits - transferred to supplementary capital	33	-	-	202 491	-	(202 491)	**-**
As at 31 December 2021		**28 336**	**259 530**	**1 476 252**	**5 935**	**482 485**	**2 252 538**

ANNUAL SEPARATE STATEMENT OF CASH FLOWS

(in thousand PLN)	Note no.	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Cash flows from operating activities			
Profit before tax		653 559	591 195
Adjustments:			
Amortization and depreciation		38 641	33 000
Foreign exchange gains /losses		1 600	(272)
(Profit / loss on investing activities		1 671	(472)
Net interest and share in profits		96 532	21 107
Net dividends	30	(103,591)	(58,359)
Operating profit before changes in the working capital		**688 412**	**586 199**
Increase (decrease) in inventories		(628,141)	(466,557)
Increase (decrease) in receivables	31	(612,761)	(555,893)
Change in financial sub-lease receivables		7 263	(5 235)
Change in short-term liabilities	31	287 270	427 444
Change in liabilities due to lease transformed into sub-lease		(7 263)	5 235
Cash generated by operating activities		**(264,990)**	**(8,807)**
Corporate income tax (paid)/returned	31	(112 420)	(76 360)
Net cash from operating activities		**(377 410)**	**(85 167)**
Cash flow from investment activities			
Proceeds from the sale of plant, property, equipment and intangible assets		1 308	632
Purchase of property, plant, equipment and intangible assets		(57 444)	(20 548)
Purchase of financial assets in related and other entities	31	(1 522)	(8 384)
Repayment of loans granted	31	6 307	8 725
Loans granted	31	(23 978)	(3 950)
Interest received	31	5 298	693
Dividends received		103 591	58 360
Sale of shares in subordinated entities		238	470
Other items, net		(2)	-
Net cash from investing activities		**33 796**	**35 998**
Cash flow from financing activities			
(repayments) / proceeds from credits and leases	31	(78 503)	(49 828)
Loans granted	31	593 974	147 331
Interest paid	31	(101 830)	(21 800)
Dividend paid	33	(20 119)	(20 119)
Net cash from financing activities		**393 522**	**55 584**
Net change in cash and cash equivalents		**49,680**	**6 415**
Cash and cash equivalents at the beginning of the period		**25 494**	**19 079**
Cash and cash equivalents at the end of the period		**75 173**	**25 494**

(in thousand PLN)

Notes to the annual separate financial statements

1. Basis for the preparation of the separate annual financial statements

The separate annual financial statements (hereinafter referred to as the "financial statements") were prepared in accordance with the International Financial Reporting Standards, hereinafter referred to as "EU IFRS," approved by the European Union.

The UE IFRS include all International Accounting Standards, International Financial Reporting Standards and interpretations thereof, excluding the below-mentioned Standards and Interpretations currently awaiting EU's approval, as well as the Standards and Interpretations which have been approved by the EU but have not become effective.

The Company decided not to apply new Standards and Interpretations published and approved by the EU which will become effective following the reporting date. Furthermore, as at the reporting date the Company had not finished estimating the impact of all the new Standards and Interpretations to become effective following the reporting date.

2. Impact of changes in IFRS standards and interpretation on the Company's financial statements

2.1. Changes in IFRS and their interpretations

The new or amended standards and interpretations applicable as of 2022 have no material bearing on the Company's financial statements.

A detailed description of the IFRS 16 standard and its impact on the particular items of the financial statements and recognition of lease contracts in 2019 is provided in 3.3 Description of significant accounting principles applied h) Leases.

The following table analyses the debt for each of the presented periods.

	Loans	Borrowings	Lease liabilities	Security deposits	Total debt	Cash and cash equivalents	Net debt
Balance as at 01/01/2021	**(910 717)**	**(93 063)**	**(42 526)**	**-**	**(1 046 306)**	**19 079**	**(1 027 227)**
Cash flows	(146 645)	-	15 957	-	(130 688)	6 415	(124 273)
New leasing agreements	-	-	(3 900)	-	(3 900)	-	(3 900)
Interest paid	14 533	1	1 256	-	15 790	-	15 790
Interest accrued	(14 533)	(1 716)	(1 256)	-	(17 505)	-	(17 505)
Valuation	(343)	198	-	-	(145)	-	(145)
Balance as at 31/12/2021	**(1 057 705)**	**(94 580)**	**(30 469)**	**-**	**(1 182 754)**	**25 494**	**(1 157 260)**
Balance as at 01/01/2022	**(1 057 705)**	**(94 580)**	**(30 469)**	**-**	**(1 182 754)**	**25 494**	**(1 157 260)**
Cash flows	(593,974)	-	33 077	-	(560 897)	49 679	(511 218)
New leasing agreements	-	-	(56 457)	-	(56 457)	-	(56 457)
Interest paid	94 007	-	1 585	-	95 592	-	95 592
Interest accrued	(94 007)	(2 204)	(1 585)	-	(97 796)	-	(97 796)
Valuation	9 174	(1 600)	-	-	7 574	-	7 574
Balance as at 31/12/2022	**(1 642 505)**	**(98 384)**	**(53 849)**	**-**	**(1 794 738)**	**75 173**	**(1 719 565)**

Sub-lease liabilities are not included in the calculation of net debt.

Other changes having no material bearing on the Company's financial statements:

- *Amendments to IFRS 3 "Business Combinations"*

The amendments to the standard, published in May 2020, are intended to update the relevant references to the Conceptual Framework in IFRS without making substantive changes to business combinations accounting.

- *Amendments to IAS 16 "Property, Plant and Equipment"*

The amendments to IAS 16 'Property, plant and equipment' regulate the cost of property, plant and equipment and the amounts received from the sale of test production items. The revised standard requires that revenue from the sale of test production and related costs are recognised in the statement of profit or loss, eliminating the possibility of adjusting the value of constructed fixed assets by these amounts.

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

The amendments to IAS 37 provide clarification on which costs should be taken into account when assessing whether a contract will be loss-making and constitutes an onerous contract.

- *Annual improvements to IFRS 2018 - 2020*

"Annual improvements to IFRSs 2018-2020" introduces amendments to standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples to IFRS 16 "Leases".
The Improvements contain explanations and detail out the guidelines related to recognition and measurement.

2.2. Amendments in IFRS and their interpretations published and approved by the EU not yet effective

In these separate financial statements, the Company has not decided to early apply the following published standards, interpretations or amendments to existing standards before their effective date:

- *IFRS 17 'Insurance Contracts' and amendments to IFRS 17*

IFRS 17 'Insurance Contracts' was issued by the International Accounting Standards Board on 18 May 2017, while the amendments to IFRS 17 were published on 25 June 2020. The new standard is obligatory for annual periods commencing as of 1 January 2023 or thereafter.
The IFRS 17 Insurance Contracts will replace the currently applied IFSR 4, which allows for different methods of settling insurance contracts. The new standard will fundamentally change the accounting for all entities that deal with insurance contracts and investment contracts; however, the scope of the standard is not limited to insurance companies only, and contracts entered into by entities other than insurance companies may also contain an element that meets the definition of an insurance contract (as defined in IFRS 17).

- *Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on accounting policy disclosures in practice*

The amendment to IAS 1 requires disclosure of relevant information about accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is relevant if, in its absence, recipients of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the Board's guidance on applying the concept of relevance in practice has also been amended to provide guidance on the application of the concept of relevance to accounting policy disclosures. The change is effective as of 1 January 2023.

Amendments in IFRS and their interpretations published and approved by the EU not yet effective (cont.)

- *Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"*

In 2021, the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of accounting estimates.
The amendment to IAS 8 clarifies how entities should distinguish between changes in accounting policies and changes in accounting estimates. The change is effective as of 1 January 2023.

- *Amendments to IAS 12 "Income Taxes"*

The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and retirement obligations. Prior to the amendment to the standard, there was ambiguity as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. the initial recognition of a lease) with no impact on current taxable accounts necessitates the recognition of deferred tax balances or whether the so-called initial recognition exemption, which states that deferred tax balances are not recognised if the recognition of an asset or liability has no impact on accounting or taxable profit at the time of that recognition, applies. The amended IAS 12 addresses this issue by requiring the recognition of deferred tax in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences.
Amendment shall apply to reporting periods commencing as of 1 January 2023 or thereafter.

- *Amendments to IFRS 17 "Insurance contracts"*

The amendment relates to the transitional requirements in connection with the first-time application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments". The purpose of the amendment is to ensure the usefulness of financial information for investors in the period of first application of the new standard by introducing certain simplifications with regard to the presentation of comparative information.
The amendment relates only to the application of the new IFRS 17 standard and does not affect any other requirements in IFRS 17.

- *Amendments to IFRS 16 "Lease"*

In September 2022 the Board amended IFRS 16 'Lease' by adding the requirements for subsequent measurement of lease obligations for sale and leaseback transactions where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale.
The amendment requires the seller-lessee to subsequently measure lease obligations arising from sale-leasebacks in such a way that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where the sale-leaseback includes variable lease payments that do not depend on an index or rate, as these payments are excluded from 'lease payments' under IFRS 16. The revised standard includes a new example that illustrates the application of the new requirement in this regard. The change is effective as of 1 January 2024. As at the date of these financial statements the improvement had not been approved by the European Union.

- *Amendments to IAS 1 "Presentation of Financial Statements"*

In 2020, the Board published amendments to IAS 1, clarifying presentation of liabilities as current and non-current. In October 2022 the Board issued further amendments to IAS 1, which address the classification of liabilities as long- and short-term, for which an entity is required to meet certain contractual requirements known as covenants. The revised IAS 1 standard states that liabilities are classified as either short- or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for example, waiver or breach of a covenant) affect the classification.

Amendments in IFRS and their interpretations published and approved by the EU not yet effective (cont.)

Published amendment shall apply to reporting periods commencing as of 1 January 2024 or thereafter.
As at the date of preparation of these financial separate statements, the amendments had not been approved by the European Union.

- *IFRS 14 "Regulatory deferral accounts"*

This standard allows entities that prepare their financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognise amounts arising from regulated price activities in accordance with their existing accounting policies. To improve comparability, with entities that already apply IFRS and do not recognise such amounts, under published IFRS 14, amounts arising from regulated price activities should be presented as a separate line item in both the statement of financial position and the income statement and statement of other comprehensive income.
By the decision of European Union, the IFRS standard will not be approved.

- *Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures.*

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to the associate or joint venture constitute a "business" (business).
If the non-monetary assets constitute a business, the investor recognises a full gain or loss on the transaction. If, on the other hand, the assets do not meet the definition of business, the investor recognises a gain or loss from only to the extent of the portion representing the interests of other investors.
The amendments were published on 11 September 2014. At the date of these separate financial statements, the approval of this amendment is deferred by the European Union.

2.3. Standards and Interpretations adopted by the International Financial Reporting Standards Board (IASB), awaiting EU's approval

- IFRS 14 "Regulatory deferral accounts"
  This standard allows entities that prepare their financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognise amounts arising from regulated price activities in accordance with their existing accounting policies. To improve comparability, with entities that already apply IFRS and do not recognise such amounts, under published IFRS 14, amounts arising from regulated price activities should be presented as a separate line item in both the statement of financial position and the income statement and statement of other comprehensive income. By the decision of European Union, the IFRS standard will not be approved.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following items:

- investment property measured at fair value.

All amounts in the financial statements are shown in thousand PLN, unless stated otherwise.

2.5. Functional and presentation currency

(a) Presentation and functional currency

These financial statements are presented in Polish zloty („PLN") which is the Company's functional currency. PLN is the functional currency of Inter Cars S.A.

(b) Foreign currency translation differences

Transactions presented in foreign currencies have been recognized according to the exchange rate announced at the transaction date. Foreign currency translation differences resulting from settling of these transactions and measuring of monetary assets and liabilities as at the reporting date according to the average National Bank of Poland exchange rate announced at that date, have been recognized as profit or loss, where foreign currency translation differences resulting from settlement of trade liabilities adjust the costs of sales, while the remaining foreign currency translation differences are presented in a separate position.

Non-cash balance sheet items denominated in foreign currency measured at fair value are translated as per the average exchange rate announced by the National Bank of Poland (or another bank in the case of another functional currency) at the date the fair value is measured. The non-cash items measured at historical cost in foreign currencies are translated by the Company using the exchange rate valid on the transaction date. The translation differences are recognized as profit or loss of the current period, except for differences resulting from settlement of capital instruments qualified as available for sale, financial liabilities to secure a share in the net assets of a foreign entity, which are effective, and qualified security of cash flows, recognized by the Company as other comprehensive income.

Foreign currency translation differences resulting from translation of transactions into PLN are recognized separately in the statement of comprehensive income, excluding foreign currency translation differences regarding the repayment of liabilities or payment of trade and other receivables, recognised as cost of sale.

3. Basis of accounting

3.1. Changes in the accounting policy

The main accounting principles applied in preparing these financial statements are presented below. These principles were applied continuously in all presented years with the exception of adopting the new and amended standards described above.

3.2. Change in naming of balance sheet items

The following balance sheet items have been renamed in the current financial statements:

- the previous line „Finance lease liabilities" has been replaced by „Other lease liabilities"

- the previous line „Non-current liabilities on long-term rental" has been replaced by „Liabilities due to lease transformed into sub-lease"

- the previous line „Liabilities on the short-term rental" has been replaced by „Liabilities due to lease transformed into sub-lease"

- the previous line „Non-current receivables on long-term rental" has been replaced by „Financial sub-lease receivables"

- the previous line „Receivables on short-term rental" has been replaced by „Financial sub-lease receivables"

The change made is only intended to clarify the naming of balance sheet items, without adjusting the value or presentation of the statement.

In connection with the change in the names of the balance sheet items, the names of the items in the cash flow statement were also changed:

- the previous line „Increase (decrease) in receivables under rental" has been replaced by „Change in financial sub-lease receivables"

- the previous line „Change in liabilities under rental" has been replaced by „Change in liabilities due to lease transformed into sub-lease"

3.3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements:

a) Tangible fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated.

Property, plant and equipment include Company's assets, investment in third-party fixed assets, fixed assets under construction and third-party fixed assets accepted for use by the Company (when pursuant to a contract the potential benefits and risk resulting from their possession are substantially transferred to the Company). The above mentioned constitute assets used for delivery of goods or services and for administrative purposes or for third-party lease, and the anticipated time of their use exceeds one year. The acquisition or production cost includes the costs incurred to purchase or manufacture property, plant and equipment, including capitalized interest until a property, plant or equipment asset is handed over for permanent use. The costs incurred at a later period are recognized in the balance sheet value, if the Company is likely to obtain economic benefits. The cost of current maintenance of property, plant and equipment are recognized as profit or loss.

Acquisition or production cost of an item of property, plant and equipment comprises purchase price, including import duties and non-refundable purchase taxes on the acquisition, after deducting trade discounts and rebates, any other costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as the costs of dismantling and removing the item, and restoring the site on which it is located, which the Company is obliged to incur.

Property, plant and equipment, except for tangible assets under construction and land, are subject to depreciation. Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives periodically reviewed by the Company. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale, it is derecognized, its residual value is higher than its carrying amount, or it is fully depreciated..

Items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives which are as follows:

Buildings and leasehold improvements	10 - 40 years
Plant and machinery	3 - 16 years
Vehicles	5 - 7 years
Other fixed assets	1 year - 5 years

Gains or losses arising from the derecognition of an item of property, plant and equipment are calculated as the difference between net proceeds from disposal and the carrying amount of the asset, and are included in profit or loss when the item is derecognized.

b) Goodwill

Goodwill arising on acquisition of subsidiaries is measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Other purchase costs are presented in the balance sheet in the period in which they were born by the Company.

After the initial presentation, goodwill is measured according to the purchase price less any cumulated impairment losses. In the case of investments measured using the equity method, goodwill is recognized as the carrying value of investments, while an impairment loss on this investment is not allocated to any item of assets, including goodwill, which constitutes a part of the value of the investment. Purchase of non-controlling shares is recognized as transactions with shareholders, as a result of which goodwill is not recognized with this type of transactions. Adjustments on non-controlling shares are based on the proportional value of net assets of a related entity .

c) Intangible assets

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Company attributable directly to a given asset, are recognized as intangible assets. Intangible assets with definite useful lives are amortized over their useful lives, starting from the day when a given asset is available to be placed in service. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group of assets that is classified as held for sale) in accordance with IFRS 5 Non-Current Assets Available for Sale and Discontinued Operations, and the date that the asset is derecognized or when it is fully amortized. The amortisable amount of an intangible asset for amortization is determined after deducting its residual value.

Computer software

Software licenses are valued at acquisition cost plus the costs directly attributable to bringing them to the condition necessary for the asset to be capable of operating.

The costs related to maintaining software are recognized as the costs of the period in which they are incurred.

Costs related directly to the production of unique computer software for the Company, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortized over the useful life of a given asset, however no longer than for the term of the lease agreement.

d) Investment property

Investment property is property is held to earn rentals or for capital appreciation or both, rather than for: a) use in production or supply of goods or services or for administrative purposes; or b) sale in the ordinary course of business. Initially, investment property is valued at acquisition cost, including transaction costs. After initial recognition, it is measured at fair value, and any gain or loss arising from a change in the fair value is recognised in profit or loss for the period in which it arises.

Assets are transferred to investment property only when there is a change in their use and the criteria for recognition of property under investment property are met. The Company applies the principles described in the section “Property, Plant and Equipment” to such property until the day of change in its use. Any difference between the fair value of the property as at that date and its previous carrying amount is recognized under other comprehensive income.

Property is transferred from investment property only if there is a change in its use evidenced by: a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; b) commencement of development with a view to sale, for a transfer from investment property to inventories.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property’s deemed cost for subsequent accounting is its fair value at the date of change in use.

e) Financial instruments

1. Classification and measurement of financial assets

The Company has prepared a detailed analysis of its business models regarding the management of financial assets, as well as an analysis of characteristics of the cash flows resulting from the applicable contracts. In the course of analyses changes were made to the classification of the financial assets.

The Company has been recognizing financial assets in the following categories:

- measurement at amortized costs,
- measured at Fair Value through Profit or Loss,
- measured at Fair Value through other total income,

The qualification depends of the model of management of financial assets adopted by the Company and on the contractual terms of cash flows. The Company re-qualifies investments to debt instruments only when the model of managing these assets changes. Debt instruments are maintained for the purposes of contractual flows, which include solely payment of principal and interest (SPPI) are measured by the Company at amortized cost. The Company performs the SPPI test for loans granted by comparing the total of the principal and interest with the model instrument according to IFRS 9. The interest revenue is calculated by means of the effective interest rate method and shown in “interest revenue” in the financial result. Impairment write-downs are shown under the “financial assets impairment write downs.” The Company assesses credit losses related to debt instruments measured at amortized cost.
In 2021 and 2022 the Company did not use external instruments for trade receivables such as factoring. In the course of an analysis of the business model for trade receivables it was determined that all trade receivables are held to be paid - the Company has not nor had plans to its trade receivables; they are all held until maturity date. The Company evaluates if the classification test according to IFSR 9, the so-called SPPI test, checking if the cash flows from

(in thousand PLN)

receivables represent solely the principal and interest. If the test criteria are met, trade receivables are measured at amortized cost. As regards trade receivables, the Company applies a simplified approach provided for in the standard, and, consequently, measures a write-down on anticipated credit losses at an amount equal to the anticipated credit losses throughout an entire lifetime of a receivable. This approach results from the fact that the Company's receivables do not include a material financial element within the meaning of IFRS 15. For the purposes of calculation of a write-down, the Company uses a provision matrix by means of which revaluation write downs are determined for receivables classified in different overdue ranges. This method provides for historical data related to credit losses and a potential impact of material and identifiable future factors (e.g. market or macroeconomic). The probability of non-payment of a receivable is estimated based on historical data regarding previously unpaid receivables. To assess the parameter of non-payment of receivable by a customer, the Company has created 8 ranges:

- Not overdue;
- Overdue from 1 to 30 days;
- Overdue from 31 to 60 days;
- Overdue from 61 to 90 days;
- Overdue from 91 to 180 days;
- Overdue from 181 to 270 days;
- Overdue from 271 to 360 days;
- Overdue over 360 days.

For each of the above ranges the Company estimates a non-payment parameter which takes into account historical non-payment of sales invoices by customers over a period of two years preceding the year for which financial statements are prepared. The value of the anticipated credit loss is calculated by multiplying the value of a receivable in a given range by a calculated non-payment parameter.

Number of days	Write-off level 2021	Write-off level 2022
Not overdue	0.12%	0.11%
1-30 days	0.32%	0.31%
31-60 days	2.19%	2.64%
61-90 days	3.77%	4.79%
91-180 days	5.92%	7.99%
Number of days	**Write-off level 2021**	**Write-off level 2022**
181-270 days	9.53%	13.07%
271 – 360 days	11.80%	17.37%
Over 360 days	15.67%	25.32%

As regards trade receivables, the Company provides also for an individual possibility of determining the anticipated credit losses. This regards in particular: receivables from liquidated or bankrupt debtors, receivables questioned by debtors and of which they are in default, other overdue receivables, as well as non-overdue receivables, where the risk of them being irrecoverable is significant according to the individual assessment of the Management Board (especially where the anticipated legal and collection costs related to an overdue amount are equal to or higher than such amount). In the above situations a write-down on receivables can be created up to 100% of their value.
Currently the Company does not identify negative changes on the market that might result in a negative impact of future factors on the scale of financial losses. The macroeconomic factors (GDP, unemployment) do not justify application of further portfolio write-downs regarding the status of receivables as at the balance sheet date.
The Company applies a 3-level classification of financial assets in terms of their impairment, with the exception of trade receivables:

- Level 1 - balances for which there has not been a significant increase of credit risk since their initial recognition, and for which an anticipated loss is determined based on the probability of non-payment of a receivable within 12 months (i.e. the total anticipated credit loss multiplied by the probability that the loss will occur within the next 12 months);

- Level 2- balances for which there has been a significant increase of credit risk since their initial recognition but there are no objective grounds for impairments, and for which an anticipated loss is determined based on the probability of non-payment of a receivable within an entire contractual lifetime of an asset;
- Level 3- balances with objective grounds for impairment.

Financial assets are recognized, in part or in full, once the Company has done everything possible to collect its receivables and decided that their recovery cannot be reasonably expected. This usually takes place when an asset is more than 360 days overdue (in the case of unrelated parties) and recoverability of receivables is deemed unlikely. Investments in capital instruments are measured by the Company at historical cost, taking into account impairment losses. The Company has selected to present its profits and losses from changes in the fair value of capital instruments in the other comprehensive income. Therefore, the profits and losses from changes in the fair value are not subject to further reclassification to the financial result when the Company ceases to recognize investments. Dividends from such investments are recognized in the financial result upon obtaining by the Company the right to receive respective payments.
Impairment write-downs on capital investments measured at fair value in other comprehensive income are presented under "financial asset impairment write-downs."

f) Financial liabilities other than derivatives

Debt instruments and subordinated debt are recognized as at their date. Any other financial liabilities, including liabilities measured at fair value are recognized as at the transaction date, on which the Company becomes a party to an agreement obliging it to issue a financial instrument.
Following their repayment, cancellation or expiration, financial liabilities are removed from the Company's books.
Financial assets and liabilities are offset against each other and recognized in the financial statements as a net amount only if the Company is authorized to offset particular financial assets and liabilities or intends to settle a particular transaction in net amounts of offset financial assets and liabilities items or intends to utilize financial assets subject to offsetting, and settle the financial liabilities.
The Company recognizes financial liabilities other than derivatives as other financial liabilities. Such financial liabilities are initially recognized at fair value plus directly related transactional costs. Following the initial recognition, such liabilities are valued at amortized cost using the effective interest rate method.
Other financial liabilities include loans, borrowings, debt instruments, current account credits, trade and other liabilities. For details regarding the valuation of bank loans see point l.

g) Impairment of assets

Financial assets

An impairment loss on a financial asset is recognised if there is objective evidence that there occurred one or more events which may have an adverse impact on future cash flows related to a given financial asset.

The amount of an impairment loss on a financial asset carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of the future cash flows, discounted using the original effective interest rate. Impairment losses on financial assets available for sale are measured by reference to the assets' present fair value.

As at each reporting date, it is assessed whether objective evidence of impairment exists for financial assets that are deemed material individually. Other financial assets are divided into groups with similar credit risk and assessed for impairment collectively.

Impairment losses are recognised in current period profit or loss.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date. Impairment losses related to investments in equity instruments classified as available for sale are not reversed through profit or loss. If the fair value of debt instruments classified as available for sale increases and the increase can be objectively attributed to an event occurring after the impairment recognition date, the previously recognised impairment loss is reversed with the reversal amount disclosed under other comprehensive income.

Non-Financial Assets

The carrying amount of non-financial assets other than investment property, inventories and deferred tax asset is tested for impairment at each reporting date. If the Company has a reason to suspect that a given asset's value has been impaired, it estimates its recoverable amount. The recoverable amount of goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet ready for use is established at each reporting date.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit is higher than its recoverable amount. A cash-generating unit is the smallest identifiable group of assets which generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. Impairment losses are recognised in current period profit or loss. Impairment of a cash-generating unit is initially recognised as a decrease in goodwill allocated to that cash-generating unit (a group of cash-generating units), and subsequently as a decrease in the carrying amount of the other assets belonging to that cash-generating unit (a group of cash-generating units) on a pro-rata basis.

The recoverable amount of assets or cash-generating units is the higher of their net realisable value and their value in use. Value in use is calculated by discounting estimated future cash flows with a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of assets which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

Impairment losses on goodwill are not reversible. As far as other assets are concerned at each reporting date impairment losses recognised in prior periods are reviewed to determine if there is any evidence that they no longer exist or have decreased. An impairment loss recognised in prior periods is reversed if the estimates used to determine the asset's recoverable amount have changed. An impairment loss is reversed only up to the carrying amount of the asset (net of amortisation and depreciation) that would have been disclosed had no impairment loss been recognized.

h) Lease

According to the requirements, as of 1 January 2019, for the first time the Company applied IFRS 19 Leases. IFRS replaces the existing lease guidelines, including IAS 17 Leases. IFRS 16 introduces a single, balance-sheet-based model of recording and measuring leases. A lessor recognizes an asset representing the right of use of a specific asset and a lease obligation corresponding to the obligation of payment of lease fees.

The IFRS 16 sets forth the requirement to control a concrete asset indicated in an arrangement directly or implicitly. An assignment of a right to use an asset takes place when an identified asset with respect to which the lessee is entitled to practically all economic benefits and controls the use of such assets over a given period.

A lessor recognizes lease interest costs and the depreciation of right-of-use assets separately.

IFRS 16 provides for exceptions from the general lease model related to short-term lease contracts (i.e. shorter than 12 months) and lease of low-value assets (e.g. laptops).

The Company has decided to apply the above exemptions provided for by the standard and recognized the fees on a straight-line basis in the profit or loss for the current period.

The standard does not introduce significant changes to the requirements related to lessors. A lessor should continue classifying lease contracts as a financial or operating lease.

The Company as a lessee

For leases classified as operating leases in conformity with IFRS 17, the Company has recognised the lease liabilities measured at the current value of the remaining lease payments, discounting by means of the marginal interest rate as at the date of initial application. The Company has measured the right-of-use asset for particular lease contracts (separately for each contract) in a value equal to a lease liability adjusted by previously recognized prepaid or accrued lease fees.

The assets recognized as right-of-use assets include mainly warehouse and office spaces and premises leased for the purposes of some branches.
Contracts are typically for a fixed term of 1 to 7 years or for an indefinite period of time, and may include an option to renew. Many of the leases for property leased for the Company's operations contain options to extend and terminate the lease. These are used to provide as

much operational flexibility as possible in relation to the management of assets used in the Company's operations. The majority of lease extension or termination options can be exercised by the Company.

Contracts may contain leasing and non-leasing elements. The Company allocates the consideration set out in the contract to the leasing and non-leasing elements respectively. However, in the case of property leases where the Company is the lessee, the Company has elected not to separate the non-lease elements from the lease elements and recognise them as a single lease element.

As of 1 January 2019, the value of right-of-use assets and the value of lease liabilities are equal, and the implementation of the standard did not affect the equities.

The impact of implementation of IFRS 16 in 2019 on the balance sheet total resulted from recognizing a right-of-use asset in correspondence with a lease liability. In the statement of comprehensive income it caused a decrease in the operating costs (other than accumulated depreciation) and an increase in the accumulated depreciation and financial costs (interest).

Lease assets and liabilities are measured at initial recognition at present value. Lease liabilities include the net present value of the following lease payments:

- fixed lease payments (including substantially fixed lease payments) less any lease incentives payable,
- variable lease payments that depend on an index or a rate, measured initially using that index or that rate according to their value at the commencement date of the amount, that the Group expects to pay in guaranteed residual value
- the exercise price of a call option, if it can be assumed with reasonable certainty that the Company will exercise the option.

Lease payments relating to the option to extend the lease, when exercise of the option is reasonably certain, are also included in the measurement of the liability.

Lease payments are allocated between principal and finance costs. Finance costs are charged to profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the outstanding balance of the lease liability for each period.

Lease payments are discounted using the lease interest rate. If this rate cannot be easily determined - which is the case for most of the Company's leases - the lessee's marginal interest rate is used.

The Company is exposed to potential future increases in variable index or rate-based lease payments, which are not included in the lease liability until they are implemented. Once the adjustments to the index-based or rate-based lease payments take effect, the lease liability is remeasured and adjusted in conjunction with the right-of-use asset.

The right-of-use asset is measured at cost, which includes:

- the amount of the initial estimation of the lease liability
- any lease payments made on or before the commencement date, less lease incentives received
- the amount of the initial estimation of the lease liability
- any lease payments made on or before the commencement date less lease incentives received any initial direct costs.

Right-of-use assets are depreciated on a linear basis over the useful life of the assets, not exceeding the lease term. In the case of the Company, this is between one and seven years.

Payments relating to short-term leases of equipment and leases of low-value assets are recognised as an expense on a linear basis in the statement of comprehensive income. Short-term leases represent leases of 12 months or less. Low-value assets include: floor mats, towels, printers or coffee machines.

The Company as a lessor

Premises, cars and other devices of which the Company is a lessor and which it leases out to its agents running branches are treated as a sublease. These lease liabilities equal the respective sub-lease receivables. .

For subleases classified under IAS 17 as operating leases, the Company has benefited from the simplification on first application of IFRS 16 to account for them as finance leases.

Determining the lease period: contracts for an indefinite period of time

In 2019, the IFRS Interpretations Committee, hereinafter referred to as the "Committee," published a summary of decisions made at public meetings related to IFRS 16 interpretations regarding recognition of contracts for an indefinite period of time. The Company has analysed the impact of the Committee's decisions on its accounting policy and concluded that the decisions affect the value of the right of use as well as the to lease transformed into sub-lease receivables and liabilities presented in its balance sheet. According to the new approach to and interpretation of the standard, all contracts concluded for an indefinite or definite period of time with the possibility of their extension, analysed and qualified as a lease for an anticipated term of a lease contract, estimated individually for each of the contracts taking into consideration, among other things:

- potential costs related to a termination of a lease contract, including costs of entering into a new lease contract, such as the costs of its negotiation, costs of relocation, costs of identification of another base asset corresponding with the lessee's needs, costs on integrating a new asset into the Company's operations or costs of penalties for termination as well as similar costs, including costs related to returning a base asset in a condition or to a location specified in a contract, or

- existing business plans and other contracts justifying using a leased object over a given period.

Determination of the lessee's marginal interest rate

Due to the fact that the Company has no information on the interest rate for lease contracts, to measure lease liabilities it applies a marginal interest rate that it would have to pay in order to be able to borrow funds in a given currency for a similar period and with a similar security to purchase an asset of a value similar to that of a right-of-use asset in a similar economic environment.

To determine the marginal interest rate, the Company:

- uses, where possible, external financing received in the recent past as a starting point, adjusted to take into account changes in financing terms since the financing was received;
- uses a compounding method that starts from a risk-free interest rate, subsequently adjusted for credit risk for the Company's leases for which there is no recent external financing received; and
- makes adjustments specific to the lease in question, i.e. its term, country, currency and collateral.

i) Inventory

Inventories are recognised at the lower of their acquisition (production) cost or net realisable value. The cost of inventories includes all costs of acquisition and processing as well as all other costs incurred in order to bring inventories to their present location and condition.

The acquisition or production cost is determined using the FIFO method, which assumes that sales are made from the oldest available goods.

The amounts of discounts and rebates as well as other payments depending on the purchase volume reduce the purchase price regardless of the date on which they are actually granted, provided that their receipt is probable.

Net realisable value is recognised in the amount of the estimated selling price that could be obtained in the ordinary course of business, less any estimated cost of finishing the inventories and costs to sell.

The value of inventories is reduced by impairment losses recognised when the net realisable price (price less discounts, rebates and selling costs) is lower than the relevant acquisition (production) cost, determined separately for each line of inventories.

The Company receives discounts on the value of purchased goods, the amount of which depends on the annual turnover with a given supplier (including participation in a purchasing group). The Company makes the current calculation of the value of the mark-up by individually referring for each contracting party the value of the received turnover bonuses to the turnover realised in the period and the inventory held from a given contracting party. The discounts calculated this way are distributed proportionally to the value of goods sold and to the value of inventory. The value of discounts, rebates and other volume-dependent payments (except marketing, warranty and claim discounts) is recognised as a reduction in the purchase price irrespective of the date of their actual receipt.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks, as well as term deposits and short-term securities maturing within three months, which can be exchanged for specific monetary amounts on demand and for which the risk of changes in value is negligible.

k) Equity

In the Company's financial statements, the equity comprises:

1. Share capital disclosed in the amount specified in the Company's Articles of Association and entered into the court register,
2. Share premium disclosed as a separate item under equity. Costs of share issue are charged against equity.
3. The reserve fund created pursuant to the Code of Commercial Companies,
4. Retained profit, comprising retained profit from prior years and the profit or loss from the current financial period.

l) Loans and borrowings

Loans and borrowings are initially recognised at acquisition cost, equal to their respective fair value, the determination of which includes cost of contracting a loan as well as discounts and bonuses received at the time of the liabilities settlement

In subsequent periods, loans and borrowings are measured at amortised cost using the effective interest rate. The company removes a liability from the statement of financial position when the obligation specified in the contract is fulfilled, cancelled or extinguished. The difference between the carrying amount of the financial liability that is extinguished and the amount paid is recognised in profit or loss as a finance cost.

m) Trade payables

Trade payables represent obligations to pay for goods and services purchased in the ordinary course of business from suppliers. Trade payables are classified as current payables if the payment term is within one year (or in the ordinary course of business if longer). Otherwise, the payables are shown as non-current.
Liabilities other than financial liabilities measured at fair value through profit or loss are measured at adjusted cost at the balance sheet date. In case of short-term liabilities, this valuation corresponds to the amount payable. Liabilities, the settlement of which according to the contract takes place by issuing financial assets other than cash or by exchange for financial instruments, are valued at fair value.

Trade payables for goods are reduced by the value of trade bonuses due from suppliers up to the amount of the liability to each supplier in detail, if the criteria under IAS 32, par. 42 allow them to be set off against liabilities (i.e. there is a currently enforceable right of set-off) Excess trade bonuses due from suppliers are presented under the balance sheet item Trade and other receivables.

n) Provisions

A provision is recognised when an entity has a present obligation (whether legal or constructive) resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

o) Revenue

The Company applies IFRS 15 Revenue from Contracts with Customers to all contracts with customers, except for leases within the scope of IFRS 16 Leases, financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The fundamental principle of IFRS 15 is to recognise revenue when goods and services are transferred to the customer, at a value that reflects the price expected by the Company in exchange for the transfer of those goods and services. These principles are applied using a five-step model:

- identification of the contract with the customer,
- identification of the performance obligation under the contract with the customer,
- identification of the transaction price,
- allocation of the transaction price to the individual performance obligations,
- recognition of revenue when the performance obligation under the contract is met.

Identification of a contract with a customer

The Company recognises a contract with a customer only when all of the following criteria are met:

- the parties to the contract have entered into an agreement (whether in writing, orally or in accordance with other customary commercial practices) and are obliged to perform their obligations;
- The Company is able to identify the rights of each party concerning the goods or services to be transferred;
- The Company is able to identify the terms of payment for the goods or services to be transferred;
- the contract has economic substance (i.e. the risk, timing or amount of the Company's future cash flows can be expected to change as a result of the contract); and
- it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

In assessing whether it is probable that an amount of consideration will be received, the Company considers only the customer's ability and intention to pay the amount of consideration in a timely manner. The amount of consideration to which the Company will be entitled may be less than the contract price if the consideration is variable because the Company may offer the customer a price concession.

Identification of performance obligations

At the conclusion of the contract, the Company evaluates the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer a good or service (or bundle of goods or services) that is separable or a group of separate goods or services that are substantially the same and for which the transfer to the customer is of the same nature.

The good or service promised to the customer is distinct if both of the following conditions are met:

- the customer can benefit from the good or service either directly or through a link to other resources that are readily available to the customer, and
- the Group's obligation to transfer the good or service to the customer can be identified as separate from other obligations in the contract.

Determination of the transaction price

In determining the transaction price, the Company takes into account the terms of the contract and its customary business practices. The transaction price is the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes).

Allocation of the transaction price to performance obligations

The Company attributes a transaction price to each performance obligation (or separate good or separate service) in an amount that reflects the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer.

Fulfilment of performance obligations

The Company recognises revenue when it has fulfilled (or is in the process of fulfilling) its performance obligation by transferring the promised goods or services to the customer.

In respect of contracts for continuing services under which the Company has the right to receive remuneration from the customer in an amount that corresponds directly to the value to the customer of the service provided to date, the Company recognises revenue in the amount that it is entitled to invoice.

The Company is not obliged to accept returns of goods and products sold. When an asset is transferred to a customer (when the customer obtains control over the asset). The Company does not enter into agreements with customers containing variable amounts of remuneration (revenue) resulting from discounts, rebates or performance bonuses granted and does not grant customers the option to obtain additional goods or services free of charge or at a reduced price in the form of allowances or loyalty points.

Principal's remuneration vs. agent's remuneration

Based on its analysis of sales contracts, the Company has identified its role as principal in sales transactions in all areas of activity on the basis of the following:

- it exercises control over the promised goods or services prior to their transfer to the customer,
- it is obliged to deliver a performance consisting in supplying goods or services to the customer,
- the consideration is the gross amount receivable in exchange for the goods or services provided.

Sales revenue is recognised when the Company fulfils (or is in the process of fulfilling) its performance obligation by transferring the promised goods or services to the customer, where the transfer is also the gaining control of the asset.

Receivables

Under receivables, the Company recognises rights to remuneration in exchange for goods or services that it has provided to the customer, if the right is unconditional (the only condition for the remuneration to be due is the passage of a specified period of time).

Contractual obligations

Under contractual obligations, the Company recognises remuneration received or receivable from a customer that involves an obligation to provide goods or services to the customer.

Guarantees

All goods offered by the Company, regardless of the distribution channel, are covered by either a warranty or guarantee. As the Company does not use additional agreements or arrangements in the scope of guarantees, and the guarantee granted results from the necessity for the Company to ensure that the goods comply with their specification, the liabilities on this account were and are recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Material payment terms

Granting of a deferred payment to the purchaser of the goods (Customer) for the purchased goods takes place after verification of the documents provided by the Customer showing his formal and legal situation. Standard payment terms for customers are 7, 14, 21 or 30 days credits. Granting a credit longer than 30 days requires a separate approval of the persons responsible for the Company's credit policy.

There is no material financing element in the Company's customer contracts.

p) Operating expenses

Operating expenses are disclosed in the period to which they relate, in the amount of a probable reduction of the entity’s economic benefit s which can be measured reliably.

The costs charged to the Company by its affiliate branches as compensation for the sale of goods for resale performed on behalf of the Company are recognised in the period to which they relate.

Distribution costs – the share of the entity managing the branch in the margin earned. The sales margin generated by a branch is divided between the branch and Inter Cars in the 50/50 ratio. The branch system is based on the assumption of entrusting management of a distribution point (branch) to external entities. Sales are made on behalf of Inter Cars. External entities (branch entities) employ workers and cover current costs of functioning from revenue, which is share in generated margin on sales of goods. Settlement of share in margin is made in monthly periods. The Company provides organizational and logistic knowledge, capital, vendors of parts, full product range and its availability, trade mark. Branch entity contributes the knowledge of local market and experienced employees to Inter Cars. Risk of activities of a given entity (branch) is borne by the entrepreneur that, by running own business, optimizes the resources that remain at their disposal.

Expense on the lease of office and warehouse space is recognised in profit or loss in the period to which it relates.

Re-invoiced amounts reduce the respective cost item s of the Company

License fees - fees for using trademarks held by Inter Cars Marketing Services S.A. for the purposes of the current activity of the distribution companies.

q) Dividend

Dividends from investments in subsidiaries are recognised in profit or loss under the 'Dividends received' when the Company acquires the right to receive the payment. Dividends received are presented in a separate line in the Statement of Comprehensive Income.

r) Other operating revenue

Other operating income is income indirectly related to the operating activities of the entity, in particular: gain on disposal of non-financial non-current assets, assets received free of charge (including by way of donation), compensation, released provisions, write-downs of non-financial assets, income from social activities, income from complaints, non-trading bonuses, income related to random events and income resulting from the calculation of transfer prices.

s) Financial revenue

Financial income mainly comprises income from the sale of financial assets, interest on loans granted and interest on late payment of receivables, and increases in the value of financial assets arising during revaluation.

t) Financial costs

Finance expenses include primarily interest payable on borrowings, dividend on preference shares classified as liabilities, foreign exchange losses, losses resulting from changes in the fair value of financial instruments at fair value through profit or loss, and financial assets impairment as well as gains or losses related to hedging instruments which are recognised in profit or loss. All interest payable is measured using the effective interest rate.

u) Income tax

Income tax covers the current and the deferred part. The calculation of current income tax is based on the profit of a given period determined according to the valid tax regulations. The total income tax charge is the aggregate of its current portion and deferred portion, determined with the balance-sheet method; the deferred income tax is recognised in connection with temporary differences between the values of assets and liabilities as disclosed in the accounting books and their respective values determined for tax purposes.

Deferred income tax is determined with use of the tax rates effective for the year in which a given tax obligation originated, based on the tax regulations applicable in the year in which the deferred tax asset and liability are settled.

Deferred tax assets are determined at the amount of corporate income tax recoverable in the future in respect of deductible temporary differences, which will result in a lower tax base in the future, and the carry forward of tax losses, taking account of the prudence principle.

A deferred tax provision is recognised at the amount of corporate income tax payable in the future in respect of taxable temporary differences, i.e. differences which result in a higher tax base in the future.

Deferred tax asset and deferred tax liability are offset in the separate statement of financial position if the Company holds an exercisable right to offset corporate income tax receivable and payable and if the deferred tax asset and deferred tax liability refer to the corporate income tax levied on the same taxpayer by the same tax authority.

v) Measurement of the value of shares in subordinated entities

Equity interests in subordinated undertakings are valued at acquisition cost less impairment losses.

(in thousand PLN)

The price of purchase of shares in subordinated entities taken up against an in-kind contribution is determined based on the carrying value of the contribution as at its date. The value is assessed on the basis of data included in the separate financial statements.

4. Information on business segments

Information about operating segments is presented in the consolidated financial statements of the Inter Cars S.A. Capital Group as operating segments are identified at the Group level.

5. Supplementary information

For information on key products and services and the geographical breakdown of sales, see Note 24.

The vast majority of the Company's non-current assets are situated in Poland. The Company is unable to identify separate groups of assets corresponding to the geographical breakdown of sales.

The Company does not have key customers due to the nature of its operations. For more information see Note 14.

6. Tangible fixed assets

	31/12/2022	**31/12/2021**
Land	18,217	17,505
Buildings and structures	57 740	60 254
Plant and machinery	17 747	5 925
Vehicles	12 135	3 971
Other tangible assets	14 373	15 256
Tangible assets under construction	1 147	287
Total property, plant and equipment	**121 359**	**103 198**

Property, plant and equipment under lease agreements

The carrying amount of property, plant and equipment used under finance lease agreements is shown below:

- As at 31 December 2022 – PLN 21 855 thousand
- As at 31 December 2021 – PLN 2 705 thousand

Assets used under finance lease agreements include computer hardware and vehicles, used by the Company in its operating activities.

The Company's right to dispose of any item of property, plant and equipment held by the Company, except for those used under finance lease agreements, is not restricted in any way.

Borrowing costs

The borrowing costs charged to property, plant and equipment for the reporting year amount to PLN 0.

(in thousand PLN)

Property, plant and equipment (cont.)

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construct ion	Total
Gross value as at 01 January 2021	**17 505**	**88 646**	**61 129**	**8 919**	**97 252**	**5 772**	**279 223**
Increase:	-	5 855	1 901	2 787	3 168	(5 485)	**8 226**
Acquisition	-	-	1 901	2 787	3 168	370	**8 226**
Transfer	-	5 855	-	-	-	(5 855)	**-**
Decrease:	-	24	25 995	1 336	901	-	**28 256**
Sale	-	-	230	1 239	324	-	**1 793**
Transfer	-	13	-	-	(13)	-	**-**
Liquidation	-	11	25 765	97	590	-	**26 463**
Gross value as at 31 December 2021	**17 505**	**94 477**	**37 035**	**10 370**	**99 519**	**287**	**259 193**
Increase:	712	325	16 120	11 032	7 455	860	**36 504**
Acquisition	712	325	16 120	11 032	7 455	860	**36 504**
Transfer	-	-	-	-	-	-	**-**
Decrease:	-	-	240	3 594	584	-	**4 418**
Sale	-	-	78	2 993	113	-	**3 184**
Transfer	-	-	-	-	-	-	**-**
Liquidation	-	-	162	601	471	-	**1 234**
Gross value as at 31 December 2022	**18 217**	**94 802**	**52 915**	**17 808**	**106 390**	**1 147**	**291 279**

DEPRECIATION AND IMPAIRMENT LOSSES DEPRECIATION	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construc tion	Total
Amortisation and impairment losses as at 01 January 2021	**-**	**31 500**	**54 607**	**5 909**	**74 926**	**-**	**166 942**
Amortisation for period	-	2 734	2 491	1 749	10 226	-	**17 200**
Sale	-	-	(225)	(1 198)	(309)	-	**(1 732)**
Liquidation	-	(11)	(25 763)	(61)	(580)	-	**(26 415)**
Amortisation and impairment losses as at 31 December 2021	**-**	**34 223**	**31 110**	**6 399**	**84 263**	**-**	**155 995**
Amortisation for period	-	2 839	4 298	2 520	8 338	-	**17 995**
Sale	-	-	(78)	(2 881)	(113)	-	**(3 072)**
Liquidation	-	-	(162)	(365)	(471)	-	**(998)**
Amortisation and impairment losses as at 31 December 2022	**-**	**37 062**	**35 168**	**5 673**	**92 017**	**-**	**169 920**
NET VALUE							
As at 01 January 2021	**17 505**	**57 146**	**6 522**	**3 010**	**22 326**	**5 772**	**112 281**
As at 31 December 2021	**17 505**	**60 254**	**5 925**	**3 971**	**15 256**	**287**	**103 198**
As at 01 January 2022	**17 505**	**60 254**	**5 925**	**3 971**	**15 256**	**287**	**103 198**
As at 31 December 2022	**18 217**	**57 740**	**17 747**	**12 135**	**14 373**	**1 147**	**121 359**

(in thousand PLN)

7. Right-of-use assets

The right-of-use assets include mainly contracts of lease of office space. As of 31 December 2022, their value amounted to PLN 27,298 thousand and as of 31 December 2021 it was PLN 26,573 thousand.

	Office, warehouse space, branches and other	Total
GROSS VALUE OF BENEFICIAL INTEREST		
Value as at 01 January 2021	**39 437**	**39 437**
Conclusion of new agreements	1 203	**1 203**
Decreases	120	**120**
Value as at 31 December 2021	**40 520**	**40 520**
Value as at 01 January 2022	**40 520**	**40 520**
Conclusion of new agreements	7 305	**7 305**
Decreases	1 354	**1 354**
Value as at 31 December 2022	**46 471**	**46 471**
AMORTISATION AND IMPAIRMENT LOSSES		
Amortization as at 01 January 2021	**9 054**	**9 054**
Amortization and depreciation	4 893	**4 893**
Amortization as at 31 December 2021	**13 947**	**13 947**
Amortization as at 01 January 2022	**13 947**	**13 947**
Amortization and depreciation	5 226	**5 226**
Amortization as at 31 December 2022	**19 173**	**19 173**
NET VALUE		
As at 01 January 2021	**30 383**	**30 383**
As at 31 December 2021	**26 573**	**26 573**
As at 31 December 2022	**27 298**	**27 298**

In 2022, increases due to the conclusion of new contracts for the lease of office and warehouse space, points of sale and other assets amounted to PLN 3 940 thousand. The remaining amount of the increases, i.e. PLN 3 365 thousand, is due to an update of the expected lease term of the assets.

8. Intangible assets

	31/12/2022	**31/12/2021**
Goodwill, including:	122 937	122 937
- goodwill from merger with JC Auto S.A.	*122 937*	*122 937*
Computer software	15 096	12 778
Other intangible assets, including:	48 405	47 382
- other	*35 340*	*33 460*
- under construction	*13 065*	*13 922*
	186 438	**183 097**

Intangible assets (cont.)

Intangible assets under lease agreements

As at 31 December 2022, as in the previous year, the Company held no intangible values resulting from financial lease contracts. None of the intangible assets held by the Company is subject to limited right of use.

Borrowing costs

The borrowing costs charged to intangible values for the reporting year amount to PLN 0.

(in thousand PLN)

GROSS VALUE OF INTANGIBLE ASSETS	Computer software	Other intangible assets	Goodwill	Under construction	Total
Gross value as at 01 January 2021	**73 188**	**69 299**	**122 937**	**19 840**	**285 264**
Acquisition	4 645	-	-	16 676	**21 321**
Transfer from investments	2 971	8 574	-	(11 545)	-
Liquidation	(695)	-	-	(11 049)	**(11 744)**
Gross value as at 31 December 2021	**80 109**	**77 873**	**122 937**	**13 922**	**294 841**
Acquisition	3 791	-	-	17 379	**21 170**
Transfer from investments	8 043	8 115	-	(16 158)	-
Liquidation	(7 052)	(798)	-	(2 078)	**(9 928)**
Gross value as at 31 December 2022	**84 891**	**85 190**	**122 937**	**13 065**	**306 083**
AMORTISATION AND IMPAIRMENT LOSSES					
Amortisation and impairment losses as at 01 January 2021	**62 501**	**39 032**	**-**	**-**	**101 533**
Amortisation for period	5 525	5 381	-	**-**	**10 906**
Liquidation	(695)	-	-	**-**	**(695)**
Amortisation and impairment losses as at 31 December 2021	**67 331**	**44 413**	**-**	**-**	**111 744**
Amortisation for period	9 516	5 903	-	**-**	**15 419**
Liquidation	(7 052)	(466)	-	**-**	**(7,518)**
Amortisation and impairment losses as at 31 December 2022	**69 795**	**49 850**	**-**	**-**	**119 645**
NET VALUE					
As at 01 January 2021	**10 687**	**30 267**	**122 937**	**19 840**	**183 731**
As at 31 December 2021	**12 778**	**33 460**	**122 937**	**13 922**	**183 097**
As at 01 January 2022	**12 778**	**33 460**	**122 937**	**13 922**	**183 097**
As at 31 December 2022	**15 096**	**35 340**	**122 937**	**13 065**	**186 438**

(in thousand PLN)

9. Impairment test

The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations. The goodwill impairment test is described in the Consolidated Financial Statements in note 8.

10. Real estate available for sale

As at 31 December 2022 the Company did not have any real estate available for sale.

11. Investments in subordinated entities

	2022	2021
As at 1 January (gross)	**508 836**	**446 368**
Increase, including:	631	62 769
- increase in share capital in Armatus Sp. z o.o.	500	-
- purchase of shares in Brillant 3907 GMBH (later: Inter Cars Deutschland GmbH)	131	-
- purchase of shares in Inter Cars Norge AS	-	*26*
- new share capital in CB Dystrybucja Sp. z o.o.	-	*5*
- increase in share capital in Q-service Truck Sp. z o.o.	-	*7 535*
- increase in share capital in Inter Cars Romania srl (receivables conversion)	-	*54 424*
- increase in share capital in Inter Cars d o.o. Beograd Rakovica	-	*779*
Decrease, including:	*(509)*	*(301)*
- impairment of shares in OOO Inter Cars Automobilna Technika	*(451)*	-
- return of capital paid in from Inter Cars Deutshland GmbH	*(53)*	-
- sale of shares of CB Dystrybucja Sp. z o.o.	*(5)*	-
- sale of shares of JAG Sp. z o.o.	-	*(300)*
- sale of shares of Partslife international Polska sp. z o.o.	-	*(1)*
As at 31 December (gross):	**508 958**	**508 836**
- impairment on Inter Cars Hungaria Kft.	*(611)*	*(611)*
As at 31 December (net)	**508 347**	**508 225**

In 2022, Inter Cars S.A. acquired shares in Brillant 3907 GmbH (renamed Inter Cars Deutschland GmbH - name coinciding with the previously closed Inter Cars Deutschland GmbH) for PLN 131 thousand. and carried out a capital increase in Armatus Sp. z o.o. (PLN 500 thousand.)

Furthermore, in 2022 shares in the CB Dystrybucja Sp. z o.o. were sold (PLN 5 thousand), a return of paid-in capital was made in Inter Cars Deutschland GmbH, which was closed in February 2020 (PLN 53 thousand), and shares in OOO Inter Cars Automobilna Technika were written off (PLN 451 thousand). .

Impairment test

The Company performed an impairment test on the assets related to the goodwill of Inter Cars Hungaria Kft. to which goodwill was allocated (segment: spare parts). The recoverable amount was based on an estimation of value in use. No impairment was identified based on the test.

The value in use is the estimated present value of future cash flows generated by the Company. The material assumption made for the purposes of estimating the recoverable value are presented below:

- Projections of cash flows used to estimate the value in use estimated for the whole segment of spare parts.

Impairment test (cont.)

- The data used to prepare the projections for 2023 was based on the approved budget and assume an increase in cash flows by about 2024 to 2027 prepared based

on the financial forecasts of the Inter Cars Group provide for an annual increase of EBITDA of between 1.7 and 2.7%.

- Cash flows for remaining years were estimated based on a real growth rate of 1.1%,
- The discount rate used to calculate the value in use was 17% and was estimated based on the weighted average cost of capital (WACC)
- The surplus of the recoverable value over the book value of the tested assets amounted to PLN 190,324 thousand.

The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations.

(in thousand PLN)

Interest in subsidiaries as at 31/12/2022

Name and legal form of associate	Registered seat	Date of control take-over	Carrying amount of shares (in PLN thousand)	Percentage of share capital/ total vote held	Associate's assets	Liabilities	Revenue	Net profit (loss)
Inter Cars Ukraine LLC	Khmelnytsky, Ukraine	04.2000	36 532	100%	142 630	95 453	474 563	(19 447)
Q-Service Sp. z o.o.	Cząstków Mazowiecki, Poland	04.2000	416	100%	41 683	25 598	284 422	15 664
Lauber Sp. z o.o.	Słupsk, Poland	07.2003	1 565	100%	89 713	65 714	107 654	5 995
Inter Cars Ceska Republika	Prague, Czech Republic	04.2004	13 866	100%	167 638	126 950	570 347	11 918
Inter Cars Slovenska Republika	Bratislava, Slovakia	08.2005	21	100%	160 584	129 041	507 523	12 014
Feber Sp. z o.o.	Warsaw, Poland	08.2004	30 011	100%	57 060	9 031	98 962	7 525
Inter Cars Lietuva	Vilnius, Lithuania	09.2006	1 058	100%	139 775	111 041	580 186	15 665
IC Development & Finance Sp. z o.o.	Warsaw, Poland	10.2006	3 785	100%	5 504	11 431	7 042	(1 211)
Inter Cars d.o.o.	Zagreb, Croatia	02.2008	18 471	100%	427 115	369 076	711 384	12 394
Inter Cars Hungaria Kft.	Budapest, Hungary	02.2008	50 270	100%	195 967	162 376	537 643	725
Inter Cars Italia s.r.l.	Milan, Italy	02.2008	2 952	100%	42 972	29 765	102 426	856
Inter Cars Belgium NV	Braine-le-Château, Belgium	02.2008	1 141	100%	2 262	2 687	728	(715)
Armatus Sp. z o.o.	Warsaw, Poland	02.2008	2 211	100%	714	345	75	(15)
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	07.2008	63 005	100%	726 402	604 449	1 426 750	37 503
Inter Cars Latvija SIA	Mārupes nov., Mārupe , Latvia	08.2010	12	100%	212 858	134 985	730 709	16 149
Inter Cars Cyprus Limited	Nicosia, Cyprus	10.2010	47	100%	100 775	235	-	3 828
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	03.2011	21	100%	559 218	492 186	1 141 628	22 805
Cleverlog-Autoteile GmbH	Berlin, Germany	03.2011	567	100%	27 037	14 398	347 743	4 944
Inter Cars Marketing Services Sp. z o.o.	Warsaw, Poland	05.2012	6 280	100%	637 061	26 319	137 695	60 567
ILS Sp. z o.o.	Swobodnia, Poland	10.2012	254 804	100%	454 043	76 997	741 286	25 230
Inter Cars Malta Holding Limited	Qormi, Malta	02.2013	19	100%	325 064	161 195	633 189	42 610
Q-Service Truck	Warsaw, Poland	12.2013	9 035	100%	58 908	32 255	319 557	16 771
Inter Cars Eesti OÜ	Tallinn, Estonia	12.2014	222	100%	44 813	27 965	253 997	5 767
Inter Cars d o.o.	Ljubljana, Slovenia	12.2014	3 258	100%	84 036	73 016	162 474	2 791
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	03.2015	1	100%	63 871	52 679	165 316	10 919
Inter Cars d o.o.	Sarajevo, Bosnia and Herzegovina	10.2016	3 042	100%	83 986	73 769	124 050	2 520
Inter Cars GREECE	Attiki, Greece	11.2016	2 050	100%	326 882	313 028	384 693	6 373
Inter Cars United Kingdom - automotive technology Ltd	Tipton, Great Britain	09.2017	-	100%	9 081	6 818	31 288	554
Inter Cars d o.o. Beograd Rakovica	Belgrade, Serbia	08.2019	1 698	100%	56 369	51 080	127 776	3 317
Inter Cars Automobilna Technika OOO	Mogilev, Belarus	07.2020	-	100%	-	-	-	-
Inter Cars Fleet Services Sp. z o.o.	Warsaw, Poland	08.2019	1 000	100%	30 965	28 762	121 954	456
Inter Cars Norge AS	Oslo, Norway	08.2021	26	100%	-	-	-	-
Inter Cars Deutschland GmbH	Berlin, Germany	11.2022	131	100%	-	-	-	-
			507 517		**5 274 986**	**3 308 644**	**10 833 060**	**324 472**

Investments in subordinated entities (cont.)

Interest in associates as at 31 December 2022

Name and legal form of associate	Registered seat	Date of control take-over	Carrying amount of shares (in PLN thousand)	Percentage of associate share capital/ total vote held	Associate's assets	Liabilities	Revenue	Net profit (loss)
Inter Cars Malta Ltd	Qormi, Malta	02.2013	Not applicable	100%	324 563	261 396	633 051	42 880
Aurelia Auto d o	Croatia	01.2012	Not applicable	100%	611	1 824	97	43

Share in affiliated entities – as at 31 December 2022

Name and legal form of associate	Registered seat	Balance sheet value of shares (in thousand PLN)	Percentage of share capital/ total vote held	Associate's assets	Liabilities	Revenue	Net profit (loss)
InterMeko Europe sp. z o.o.	Warsaw	566	50%	4 144	325	4 429	849
Partslife International Kft*	Dunakeszi, Hungary	1 189*	33,33%*	4 704	2 145	292	57

* 33.33% directly and 2.27% indirectly through Partslife GmBH

12. Deferred tax

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were recognized for the following assets and liabilities:

As at 31 December 2022	Assets	Provision
Intangible assets	-	399
Tangible fixed assets	-	9 503
Long-term receivables	150	-
Investments in subordinated entities	116	-
Inventory	45 853	15 642
Trade and other receivables	20 033	5 035
Borrowings	-	2 386
Finance lease liabilities	6 275	-
Long-term liabilities	132	-
Trade and other payables	33 371	126 626
Deferred tax assets/liabilities	105 930	159 591
Deferred tax offset against liabilities	(105 930)	(105 930)
Deferred tax liabilities as disclosed in the balance sheet	**-**	**53 661**

As at 31 December 2021	Assets	Provision
Intangible assets	-	629
Tangible fixed assets	-	5793
Long-term receivables	150	-
Investments in subordinated entities	116	-
Inventory	46 239	13 383
Trade and other receivables	14 465	953
Borrowings	-	3 041
Finance lease liabilities	4654	-
Long-term liabilities	192	-
Trade and other payables	16 524	105 245
Deferred tax assets/liabilities	82 340	129 044
Deferred tax offset against liabilities	(82 340)	(82 340)
Deferred tax liabilities as disclosed in the balance sheet	**-**	**46 704**

In the presented periods, deferred tax was recognized for all the balance-sheet items which represented temporary differences

In the 12-month period from the balance sheet date of these financial statements, PLN 86,651 thousand of the asset and PLN 143,440 thousand of the deferred tax liability will be realised.

Change in deferred tax assets	2022	2021
As at beginning of period	82 340	77 662
Increase / (decrease)	23 590	4 678
As at end of period	**105 930**	**82 340**

(in thousand PLN)

Deferred tax (cont.)

Change in deferred tax liabilities	**2022**	**2021**
As at beginning of period	129 044	101 507
committed in the reporting period	30 547	27 537
As at end of period	**159 591**	**129 044**

	31/12/2021	**Effect on net profit**	**31/12/2022**
Deferred tax assets	82 340	23 590	105 930
Deferred tax liabilities	(129 044)	(30 547)	(159 591)
	(46 704)	**(6 957)**	**(53 661)**

13. Inventory

	31/12/2022	**31/12/2021**
Merchandise	2 389 835	1 761 693
	2 389 835	**1 761 693**

Merchandise	2 393 824	1 764 179
Impairment losses	(3 990)	(2 486)
	2 389 835	**1 761 693**

Change in impairment losses on inventories	**2022**	**2021**
As at beginning of period	(2 486)	(1 971)
(increase) / decrease	(1 504)	(515)
As at end of period	**(3 990)**	**(2 486)**

The amount of the inventory write-down of PLN 1,504 thousand was recognised in the statement of comprehensive income under other operating expenses.

Inter Cars S.A. receives discounts from suppliers. To the extent such discounts relate to goods for resale purchased and sold in a given period, they reduce the value of goods for resale sold. The balance of such discounts is charged to inventories.

Inventories in the form of goods for resale kept at the Central Warehouse, regional distribution centres and affiliate branches are covered by fire and all-risk insurance, as well as by insurance against burglary with theft and robbery.

The Company's inventories are included in the inventories of the Inter Cars Group as collateral for the bank loan. According to the loan agreement, the inventories of the entire Inter Cars Group with a total value of PLN 3,054 million constitute collateral for the bank loan.

(in thousand PLN)

14. Trade and other receivables

	31/12/2022	31/12/2021
Trade receivables from related entities	1 531 044	1 154 043
Trade receivables from other entities	615 792	479 971
Receivables from suppliers	427 385	407 661
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	124 373	64 213
Other receivables, prepayments and accrued income	41 091	21 008
Dividend receivables	-	-
Loans granted	36 551	31 321
Short term trade and other receivables – gross	**2 776 236**	**2 158 217**
Change in impairment loss on trade receivables	**2022**	**2021**
Status as at the beginning of the period	(16 726)	(22 084)
(Increase)/ Decrease, including:	2 796	5 358
- new impairment losses / release	*2 796*	*5 358*
Status as at the end of the period	**(13 930)**	**(16 726)**
Short-term trade and other receivables – net	**2 762 306**	**2 141 491**

The item Other receivables, prepayments and accrued income mainly included accruals of PLN 40,758 thousand.

The amount of the receivables write-down of PLN 2,796 thousand was recognised in the statement of comprehensive income under other operating income.

The Company limits its credit risk by transferring a part of its responsibility for collecting trade and other receivables to affiliates who received distribution fee.

Maturity structure of trade receivables	**31/12/2022**	**31/12/2021**
Up to 12 months	2 146 836	2 041 675
	2 146 836	**2 041 675**

Currency structure of trade and other receivables (gross)	**31/12/2022**	**31/12/2021**
Local currency	803 706	675 979
Foreign currencies	1 972 530	1 482 238
	2 776 236	**2 158 217**
Receivables in EUR	1 958 126	1 462 217
Receivables in USD	7 921	12 034
Receivables in GBP	5 506	6 077
Receivables in other currencies	977	1 910
	1 972 530	**1 482 238**

(in thousand PLN)

Trade and other receivables (cont.)

Maturity structure of receivables	31/12/2022		31/12/2021	
	Gross	Impairment	Gross	Impairment
Unmatured	1 639 442	555	1 365 314	481
From 1 to 30 days	230 017	190	164 569	152
From 31 to 60 days	144 504	151	86 584	101
From 61 to 90 days	114 309	104	68 735	72
From 91 to 180 days	269 045	286	197 751	39
From 181 to 270 days	201 295	(330)	118 628	(270)
From 271 to 360 days	105 375	20	77 769	(140)
Over 1 year	72 249	12 954	78 868	16 291
Total	**2 776 236**	**13 930**	**2 158 217**	**16 726**

Loans granted	**31/12/2022**	**31/12/2021**
Current loans	36 551	31 321
Non-current loans and borrowings	16 593	7 632
	53 144	**38 953**

Non-current receivables	**31/12/2022**	**31/12/2021**
Non-current loans and borrowings	16 594	7 632
Security deposits	2 178	1 982
Long-term receivables	4 337	3 778
Receivables from employees	215	253
	23 324	**13 645**

The concentration of credit risk related to trade receivables is limited given that the Company's customer base is large and widely dispersed, mainly in Poland.

Credit and currency risks are discussed in Note 37.

Non-current receivables include mostly security deposits under lease agreements paid by the Company, as well as non-current loans granted mainly to related entities.

The loans advanced to related parties bear interest at a rate equal to 1M WIBOR or 3M EURIBOR (in the case of EUR-denominated loans), plus a margin. The loans are not secured.

15. Cash and cash equivalents

	31/12/2022	**31/12/2021**
Cash in hand	5 518	4 473
Cash at bank	47 253	7 698
On VAT split payment bank accounts	990	2 630
Cash in transit	20 756	10 414
Cash on accounts of the Company's Social Benefits Fund	656	279
Cash	**75 173**	**25 494**

	31/12/2022	**31/12/2021**
In local currency	32 523	22 334
In foreign currencies	42 650	3 160
	75 173	**25 494**

(in thousand PLN)

With the exception of cash on accounts of the Company's Social Benefits Fund and VAT Split payment, Inter Cars S.A. does not hold any restricted cash.

In accordance with Polish law, Inter Cars S.A. administers the Company's Social Benefits Funds on behalf of its employees. Contributions to the Company's Social Benefits Funds are deposited in a separate account.

The credit risk concentration with respect to cash is limited as the Company deposits cash in reputable financial institutions with highest, medium-high and medium rating levels. The level of cash concentration as at 31 December 2022 taking into account the credit rating of financial institutions is as follows:

Rating AAA to AA- (highest) - 4%
Rating A+ to A- (medium-high) - 29%
Rating BBB+ to BBB (medium) - 31%
Cash in hand, cash in transit and other cash - 36%.

16. Share capital and share premium account

As at 31 December 2021 and as at 31 December 2022, the share capital of Inter Cars S.A. was composed of 14,168,100 Series A to F ordinary bearer shares with par value PLN 2 per share; there are no restrictions on any rights conferred by the shares. All shares have been paid. All shares have been admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission and introduced to trading on the Warsaw Stock Exchange. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

	Number of shares	Date of admission to trading	Right to dividend (since)	Par value (in PLN)	Issue price (PLN)	Share premium (in PLN)
Series A	200 000	14/05/2004	1999	400 000	2,00	-
Series B	7 695 600	14/05/2004	1999	15 391 200	2,00	-
Series C	104 400	14/05/2004	1999	208,800	2.00	-
Series D	2 153 850	14/05/2004	2001	4 307 700	6,85	10 448 676
Series E	1 667 250	14/05/2004	2002	3 334 500	8,58	10 966 504
Series G	1 875 000	14/03/2008	2007	3 750 000	122,00	225 000 000
Series F1	10 001	06/08/2007	2008	20 002	33,59	315 932
Series F2	30 000	25/06/2008	2008	60 000	37,13	1 053 900
Series F1	147 332	06/08/2007	2009	294 664	33,59	4 654 218
Series F2	127 333	25/06/2008	2009	254 666	37,13	4 473 208
Series F3	157 334	21/12/2009	2009	314 668	18,64	2 618 038
	14 168 100			28 336 200		259 530 476

17. Net profit per share

Basic earnings per share

Net profit per share calculated based on net profit for the period in the amount of PLN 542,599 thousand (2021: PLN 482,162 thousand) and the weighted average number of shares – 14,168 thousand (2021: PLN 14,168 thousand) presented below:

	2022	**2021**
Weighted average number of shares		
Shares issued as at 1 January	14 168 100	14 168 100
Weighted average number of shares during the year	**14 168 100**	**14 168 100**

Basic profit per share	**2022**	**2021**
Net profit for period	542 599	482 162
Weighted average number of shares	14 168 100	14 168 100
Net earnings per 1 share (in PLN)	38,30	34,03

(in thousand PLN)

Diluted earnings per share

In 2022 and in the comparative period, i.e. 2021, there were no diluting factors. Therefore, the diluted profit per share equals the basic profit per share.

18. Liabilities due to borrowings and other debt instruments

This Note contains information on the Company's liabilities under loans, borrowings and other debt instruments valued at amortised cost. For information on the Company's exposure to currency, interest rate and liquidity risks, see Note 37.

The syndicated credit facility agreement:

On 7th November 2022, a technical annex was signed to the term and revolving facility contracts of 14 November 2016. Under the Annex, the maturity date of the revolving credit facilities has been postponed and aligned with the maturity date of the term loan. The extension of the maturity dates of the Revolving Credit Facilities and the Term Loan Facility to the target dates, i.e. 30 November 2023 for the Revolving Credit Facilities and 30

November 2025 for the Term Loan Facility, was implemented in the Loan Agreement by an annex which was entered into on 7 December 2022.

Accordingly, in line with the provisions of the Technical Annex, the lenders have agreed to change the maturity date of the revolving credit facilities under the Loan Agreement to 9 December 2022.

On 7 December 2022, the conditions provided for in the Annex of 25 November 2022 were fulfilled and, as a result, the final maturity date of the Term Loan was extended to 30 November 2025 and the maximum total loan amount was increased by PLN 117,000,000. and it now amounts to PLN 838,814,000. At the same, the of repayment of the revolving credit was extended to 30 November 2023 and the maximum total amount was increased by PLN 183,000,000 and is now PLN 1,305,373,500.

The syndicated credit facility agreement is available for the Inter Cars Group daughter companies: Inter Cars S.A., Lauber Sp. z o.o., Inter Cars Česká republika s.r.o., Inter Cars Slovenská republika s.r.o., Inter Cars Lietuva UAB, Inter Cars d.o.o., Inter Cars Romania s.r.l., Inter Cars Marketing Services Sp. z o.o., ILS Sp. z o.o., Q-service Truck Sp. z o.o.

The rate of interest of the credits is variable and shall depend, for each interest rate period, on WIBOR interest reference rate, plus agreed on the basis of the New Credit Facility Agreement (at arm's length) margins of the creditors.

In accordance with IFRS 9, the Company performed an analysis of the present value of the new cash flows resulting from the annex concluded during the reporting period. The test concluded that the present value of the new cash flows did not change by more than 10% compared to the present value of the cash flows of the original liability. Thus, the criterion for ceasing to recognise existing liabilities was not met. The Company made the choice to carry out only a quantitative test, without extending it to an analysis taking into account qualitative factors

Non-current	**31/12/2022**	**31/12/2021**
Secured bank loans	710 620	564 487
Finance lease liabilities	33 026	24 494
Sureties received	30	30
	743 676	**589 011**

(in thousand PLN)

Liabilities due to borrowings and other debt instruments (cont.)

Current	**31/12/2022**	**31/12/2021**
Secured bank loans	931 884	493 218
Loans received	98 384	94 580
Finance lease liabilities	20 794	5 975
	1 051 062	**593 773**

Current loans and borrowings at nominal value	Contractual amount (limit)	Drawn	Maturity date
Syndicated credit	1 405 374	932 767	30/11/2023
Inter Cars (Cyprus) LIMITED	98 384	98 384	31/12/2023
	1 503 758	**1 031 151**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Drawn	Maturity date
Syndicated credit	838 814	721 814	30/11/2025
	838 814	**721 814**	

As at 31 December 2022, total liabilities under loans and borrowings amounted to PLN 1,752,965 thousand of which PLN 1,630,939 thousand is denominated in PLN and 122,026 thousand is denominated in EUR.

Material terms of the syndicated credit facility

A consortium credit was granted by the following banks (along with the use as at 31 December 2022):

	Use in nominal value	**Share in the amount drawn**
CaixaBank S.A.	99 059	5.99%
Bank Pekao S.A.	554 192	33.49%
Bank Handlowy S.A.	197 535	11.94%
Santander	187 213	11.31%
BNP Paibas S.A.	188 502	11.39%
mBank S.A.	229 686	13.88%
ING Bank Śląski S.A.	198 394	12.00%
	1 654 581	**100%**

The credit facility is secured with:

- a mortgage on land owned by Inter Cars S.A. worth PLN 48,112 thousand according to a valuation of 27 February 2018.
- registered pledge over inventories of the Group as at 31 December 2022 in the amount of PLN 3,054 million
- registered pledge and financial pledge over shares in share capital of ILS; Sp. z o.o.
- registered pledge and financial pledge over shares in share capital ICMS Sp. z o.o.
- registered pledge over bank accounts,
- authorization to Company's accounts in Poland,
- transfer of receivables of the Company from Insurance contracts,
- declaration on unsolicited execution,

Information on collateral for the syndicated credit facility was published by the Board of Managers in current report number 32/2016.

(in thousand PLN)

Liabilities due to borrowings and other debt instruments (cont.)

The credit facility agreement includes requirements with respect to a number of key ratios (calculated based on the Inter Cars Group's consolidated financial statements), and in the event the Group fails to meet these requirements, the consortium will have the right to terminate the agreement. The ratios are as follows:

- the EBITDA index should be positive,
- the ratio of the Group's operating profit to the interest paid on the financial debt of all Group members should be higher than 2.5,
- the net debt to EBITDA should be lower than 3.5,
- the Group's equity to its aggregate balance-sheet total should be higher than 30%.

All coefficients are calculated based on the financial statements following elimination of the impact of the IFRS 16 standard applied in 2019.

Inter Cars S.A. may approve and pay dividend only if the following conditions are met:

- the total amount of dividend paid for a given financial year does not exceed 40 or 60% of the net profit;
- the financial ratios are maintained at a satisfactory level and dividend payment would not result in failure to meet the requirements with respect to any of the key ratios.

The rate of interest of the credits is variable and shall depend, for each interest rate period, on WIBOR interest reference rate, plus agreed on the basis of the New Credit Facility Agreement (at arm's length) margins of the creditors.

The effective interest rate as at the reporting date was 8.9 %.

Loan from Inter Cars Cyprus Limited is bearing an interest rate of 2.25%.

Issuance of bonds

The Company did not issue any commercial bonds in 2022.

19. Lease liabilities

Liabilities under finance lease liabilities related to the lease of property, plant and equipment. For more information, see note 6.

Separately, finance lease liabilities under IFRS 16 are presented and relate to liabilities for the right to use office, warehouse and branch office space and other property, plant and equipment. For more information, see note 7.

IFRS 16 provides for exceptions from the general lease model related to short-term lease contracts (i.e. shorter than 12 months) and lease of low-value assets (e.g. laptops).

The Company has decided to apply the above exemptions provided for by the standard and recognized the fees on a straight-line basis in the profit or loss for the current period. More information to be found in Note no 35.

Finance lease	**31/12/2022**	**31/12/2021**
Payments under lease agreements	28 500	3 636
Discount	(2 290)	(183)
Present value of liabilities under leases	**26 210**	**3 453**

Payments under lease agreements	**31/12/2022**	**31/12/2021**
Up to 1 year	16 399	1 459
Between 1 and 5 years	12 101	2 177
	28 500	**3 636**

Present value of liabilities under leases	**31/12/2022**	**31/12/2021**
Up to 1 year	15 511	1 377
Between 1 and 5 years	10 699	2 076
	26 210	**3 453**

(in thousand PLN)

Finance lease IFRS 16 (beneficial interest)	**31/12/2022**	**31/12/2021**
Payments under lease agreements	30 130	31 242
Discount	(2 520)	(4 226)
Present value of liabilities under leases	**27 610**	**27 016**

Payments under lease agreements	**31/12/2022**	**31/12/2021**
Up to 1 year	6 190	5 619
Between 1 and 5 years	23 940	22 468
Over 5 years	-	3 155
	30 130	**31 242**

Present value of liabilities under leases	**31/12/2022**	**31/12/2021**
Up to 1 year	5 283	4 598
Between 1 and 5 years	22 327	19 319
Over 5 years	-	3 099
	27 610	**27 016**

20. Trade and other liabilities

	31/12/2022	**31/12/2021**
Trade payables to related entities	765 066	659 088
Trade payables to other entities	774 892	628 153
Receivables from suppliers on trade bonuses	(208 447)	(141 697)
Taxes, duties, social security and other benefits payable	3 171	5 058
Other payables and accrued expenses	63 136	50 680
	1 397 818	**1 201 282**

Maturity structure of trade payables	**31/12/2022**	**31/12/2021**
Up to 12 months	1 539 958	1 145 544
	1 539 958	**1 145 544**

As at 31 December 2022 and 2021, the Company had no VAT liabilities.

Currency structure of trade payables	**31/12/2022**	**31/12/2021**
Local currency	631 080	404 121
Foreign currencies	908 878	741 423
	1 539 958	**1 145 544**

Equivalent in national currency	**31/12/2022**	**31/12/2021**
Liabilities in EUR	659 349	507 610
Liabilities in USD	249 408	233 607
Liabilities in other currencies	121	207
	908 878	**741 424**

(in thousand PLN)

21. Employee benefits

	31/12/2022	31/12/2021
Salaries and wages	14 069	12 108
Company's Social Benefits Fund	422	338
	14 491	**12 446**

22. Income tax liabilities

Maturity structure	31/12/2022	31/12/2021
Up to 12 months	59 543	67 960
	59 543	**67 960**

23. Liabilities and receivables due to lease transformed into sub-lease.

Premises of which the Company is a lessor and which it leases out to its agents running branches are treated as a sublease. These lease liabilities equal the respective lease receivables.

The impact of IFRS 16 Subleases on particular items of the financial statements was as follows:

	Inter Cars S.A.	
	31/12/2022	**31/12/2021**
Financial sub-lease receivables (tangible assets)	95 945	103 777
Financial sub-lease receivables (operating assets)	45 956	45 386
Liabilities due to lease transformed into sub-lease (Long-term liabilities)	95 945	103 777
Liabilities due to lease transformed into sub-lease (Short-term liabilities)	45 956	45 386

Sub-lease	**31/12/2022**	**31/12/2021**
Payments under lease agreements	151 565	160 830
Discount	(9 664)	(11 667)
Present value of liabilities under leases	**141 901**	**149 163**
Payments under lease agreements		
Up to 1 year	50 026	49 360
Between 1 and 5 years	100 134	98 654
Over 5 years	1 405	12 816
	151 565	**160 830**
Present value of liabilities under leases		
Up to 1 year	45 956	45 386
Between 1 and 5 years	94 559	92 045
Over 5 years	1 386	11 732
	141 901	**149 163**

(in thousand PLN)

24. Sales revenues

1. Sale of goods

The Company's main objects are the wholesale of goods thorough stationary stores and retail business through an on-line shop.
The revenues are recognized at a specific point in time, i.e. when a customer gains control over the goods.
Due to the bonuses and returns policy applied, the Company, following the IFRS 15, decreases the value of the revenues by an estimated cost of such bonuses and returns.

2. Sale of services

The Company believes that customers simultaneously receive and gain benefits resulting from the services rendered upon their completion, as these services are short-term ones. Hence, the Company continues to recognize sales revenues upon the completion of a settlement month.

The Company mainly has deferred payment sales. Additionally, cash sales take place in the retail area. Payment terms not exceeding 30 days are mostly used in contracts with customers. Payment is usually due upon delivery of the good or upon completion of the service

	01/01/2022 - 31/12/2022	**01/01/2021- 31/12/2021**
Revenue from sales of goods	10 268 600	8 337 994
Revenue from sales of services	57 749	45 761
	10 326 349	**8 383 755**

Sales by product groups

	2022 (in thousand PLN)	***(%)***	**2021 (in thousand PLN)**	***(%)***
Domestic sales	**6 211 205**	*60.15%*	**5 307 117**	*63.30%*
Spare parts for passenger cars	3 475 095	*33.65%*	2 956 219	*35.26%*
Spare parts for commercial vehicles and buses	1 172 104	*11.35%*	932 797	*11.13%*
Tyres	1 080 289	*10.46%*	975 963	*11.64%*
Garage equipment and tuning	264 538	*2.56%*	236 067	*2.82%*
motorcycles: vehicles, spare parts and clothing	98 638	*0.96%*	95 207	*1.14%*
Accessories	22 647	*0.22%*	20 169	*0.24%*
other, spare parts and services	97 894	*0.95%*	90 695	*1.08%*
Export	**4 115 144**	*39.85%*	**3 076 638**	*36.70%*
Spare parts for passenger cars	2 536 562	*24.56%*	1 854 628	*22.12%*
Spare parts for commercial vehicles and buses	948 634	*9.19%*	738 729	*8.81%*
Tyres	227 372	*2.20%*	174 186	*2.08%*
Garage equipment and tuning	192 449	*1.86%*	157 403	*1.88%*
motorcycles: vehicles, spare parts and clothing	89 954	*0.87%*	57 830	*0.69%*
Accessories	18 160	*0.18%*	17 967	*0.21%*
other, spare parts and services	102 013	*0.99%*	75 895	*0.91%*
Total	**10 326 349**	***100.00%***	**8 383 755**	***100.00%***

In 2022 the biggest percent growth recorded the sale of spare parts for commercial vehicles and buses (26% in comparison to a year before) and the sale of spare parts for passenger cars (18%). Export sales, on the other hand, were characterised by the highest sales growth in the motorbike segment (vehicles, parts and clothing) (56% in

Sales revenues (cont.)

comparison to the previous year) as well as sales of spare parts for passenger cars (37% compared to the previous year) and a high increase in tyre sales (31% compared to the previous year).

Geographical structure of sales

	2022		2021	
	(in thousand PLN)	(%)	(in thousand PLN)	(%)
Domestic sales	6 211 205	60.15%	5 307 117	63.30%
Export	4 115 144	39.85%	3 076 638	36.70%
Total	**10 326 349**	100%	**8 383 755**	100%

Export includes primarily sales to the neighbouring countries, i.e. to Ukraine, the Czech Republic, Slovakia, Lithuania and Germany, and to other European countries, i.e.: Latvia, Hungary, Croatia, Romania, Bulgaria, Estonia, Moldova, Slovenia, Greece, Bosnia, Serbia, Great Britain and Norway.

25. Cost of sales

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Cost of services and goods sold	7 687 487	6 218 017
Foreign exchange (gains)/losses	6 069	24 934
Cost of sales	**7 693 556**	**6 242 951**

26. Selling cost, general and administrative expenses

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Amortization and depreciation	38 641	33 000
Materials and energy consumption	31 881	23 046
External services	1 698 037	1 327 079
Taxes and charges	50 508	41 346
Salaries	122 309	91 195
Social security and other benefits	22 195	15 318
Other costs by kind	21 914	20 461
Total costs by kind	**1 985 485**	**1 551 445**
(-) costs of distribution services	(732 951)	(623 994)
(-) costs of license fees	(43 082)	(35 548)
Selling cost, general and administrative expenses	**1 209 452**	**891 903**

Costs of distribution services is an item of external services presented under costs by kind.

27. Costs of employee benefits

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Salaries under employment contracts	120 847	89 701
Salaries under contracts for specific work and contracts of mandate	1 462	1 494
Social security	17 218	12 315
Other employee benefits	4 977	3 004
Costs of employee benefits recognised as costs of sales and administrative costs	**144 504**	**106 514**

(in thousand PLN)

28. Other operating revenue

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Profit from disposal of non-financial fixed assets	1,195	-
Claims	8 475	8 807
Compensation, penalties and fines received	1 262	897
Non-trading bonuses	-	1 046
Receipt of past due receivables for which impairment losses were recognised	1 017	1 130
Reversal of unused provisions	1 291	-
Other	129	850
Transfer pricing settlement*	38 929	-
	52 298	**12 730**

29. Other operating expenses

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Loss on sale of non-financial fixed assets	-	1 525
Past due receivables recognised as impairment losses	7 572	4 581
Inventory lacks	10 692	6 699
Damage to stock	24 931	22 006
Transfer pricing settlement*	-	13 745
Donations	3 435	420
Other	5 162	1 647
	51 792	**50 623**

*As part of its transfer pricing policy, the Company calculates adjustments to the profitability of the subsidiary concerned. Depending on whether the adjustment is positive or negative, the amount is recognised in the corresponding note (Other operating income or Other operating expenses).

30. Finance income and expenses, exchange differences and dividends received

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Financial revenue		
Interest income on loans granted	626	281
Interest income on intra-group loans granted	993	427
Interest due to lease transformed into sub-lease	5 211	4 842
Other interest	12 871	1 337
Profit on sale of investments	169	2 000
	19 870	**8 887**

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Dividends received		
Dividends received	103 591	58 359
	103 591	**58 359**

(in thousand PLN)

Finance income and expenses, exchange differences and dividends received (cont.)

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Financial costs		
Interest expense under bank loans and bonds	94 007	14 533
Interest expense under intra-group loans	2 203	1 791
Interest under finance lease IFRS 16	1 027	1 169
Interest due to lease transformed into sub-lease	5 211	4 842
Other interest	1 181	512
Fees and commissions	11 616	8 089
Impairment of shares in a company in Belarus	451	-
	115 696	**30 936**

Foreign exchange gains/losses in the period from 1.01.2022 to 31.12.2022	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	(20 313)	-	(20 313)
Other	-	2	2
Realised foreign exchange gains/(losses)	**(20 313)**	**-**	**(20 311)**
Arising in connection with valuation of trade payables and receivables as at the reporting date	14 244	-	14 244
Other	-	(2 020)	(2 020)
Unrealised foreign exchange gains/(losses)	**14 244**	**(2 020)**	**12 224**
Total foreign exchange gains/(losses)	**(6 069)**	**(2 020)**	**(8 087)**

Foreign exchange gains/losses in the period from 1.01.2021 to 31.12.2021	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	835	-	835
Other	-	(9)	(9)
Realised foreign exchange gains/(losses)	**835**	**(9)**	**826**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(25 769)	-	(25 769)
Other	-	3 428	3 428
Unrealised foreign exchange gains/(losses)	**(25 769)**	**3 428**	**(22 341)**
Total foreign exchange gains/(losses)	**(24 934)**	**3 419**	**(21 515)**

31. Structure of cash for the statement of cash flows

Corporate income tax paid	**01/01/2022 - 31/12/2022**	**01/01/2021- 31/12/2021**
Current corporate income tax disclosed in the statement of comprehensive income	(104 003)	(86 175)
Change in income tax payable	(8 417)	9 815
Corporate income tax paid	**(112 420)**	**(76 360)**

(in thousand PLN)

Structure of cash for the statement of cash flows (cont.)

Increase (decrease) in receivables	**01/01/2022 - 31/12/2022**	**01/01/2021-31/12/2021**
Change in trade and other receivables	(620 815)	(501 961)
Change in non-current receivables	(9 680)	3 440
Change in Loans granted	17 671	(4 763)
Conversion of receivables into shares	-	(52 594)
Other	63	(15)
Increase (decrease) in receivables	**(612,761)**	**(561,128)**

Change in Loans granted	**01/01/2022 - 31/12/2022**	**01/01/2021-31/12/2021**
Loans granted	(23 978)	(3 950)
Repayment of loans granted	6 307	8 725
Interest received	5 298	693
Interest accrued	(1 619)	(709)
Other	(243)	4
Change in Loans granted	**(14,235)**	**4 763**

Change in short-term liabilities	**01/01/2022 - 31/12/2022**	**01/01/2021-31/12/2021**
Change in loans, borrowings, debt securities and finance lease liabilities	611 955	136 477
Change in trade and other liabilities	196 536	395 352
Change in employee benefits liabilities	2 045	(6 074)
Change in total liabilities	**810 536**	**525 755**
Including:		
Recognition of new leasing agreements IFRS 16	(5 952)	(1 084)
Cash inflows on credits and loans	(593 974)	(147 331)
Financial lease contracts liabilities	78 503	49 828
Other	(1 613)	276
Change in liabilities following adjustments, total	**287 270**	**427 444**

Purchase of financial assets in related and other entities

	01/01/2022 - 31/12/2022	**01/01/2021-31/12/2021**
Increase in financial assets in related and other entities	1 522	8 384
Purchase of financial assets in related and other entities	**1 522**	**8 384**

Net interest	**01/01/2022 - 31/12/2022**	**01/01/2021-31/12/2021**
Interest paid	(101 830)	(21 800)
Interest received	5 298	693
Net interest	**(96 532)**	**(21 107)**

(in thousand PLN)

32. Income tax

Income tax recognised under current period profit or loss

	01/01/2022 - 31/12/2022	01/01/2021-31/12/2021
Current income tax	104 003	86 174
Change in deferred income tax	6 957	22 859
Income tax disclosed in statement of comprehensive income	**110 960**	**109 033**

The reconciliation of the tax deductible cost to the value representing the product of the accounting profit and the applicable tax rates is as follows:

Effective tax rate	01/01/2022 - 31/12/2022	01/01/2021-31/12/2021
Tax rate	19%	19%
Profit before tax	**653 559**	**591 196**
Tax based on applicable tax rates 19%	(124 176)	(112 327)
Permanent differences	13 215	3 294
of which:		
Dividend received	19 682	11 088
Representation, advertising and catering	(809)	(1 522)
Amortization and depreciation	(1 768)	(1 238)
Costs of intangible services above the limit	(2,826)	(3 328)
Other non-tax deductible expenses / revenues	(1 064)	(1 707)
Income tax disclosed in statement of comprehensive income	**(110 961)**	**(109 033)**

33. Dividend

Within the reporting period and till the day of publishing of these financial statements the Company had not realized any payments on account of pay-out of dividend on operating profit for 2022.
Till the day of preparation of these financial statements the Board of Managers of the Company had not approved the proposal of distribution of profits for 2022. The dividend policy of the Company projects dividend pay-out in the amount not lower than 60% of consolidated net profit of Inter Cars S.A. Capital Group for a given accounting year.

On 29 April 2022, the Company's Management Board passed a resolution to accept the Board's motion for the distribution of the 2021 profit, in conformity with which the Board shall motion for the distribution of the 2021 profit in such a way, that from the net profit of PLN 482,162,138.66 for 2021, the amount of PLN 20,118,702,00, i.e. PLN 1.42 per share shall be paid out to the shareholders in the form of a dividend, whilst the remaining amount of the profit in the amount of PLN 462,043,436.66 shall be transferred to supplementary capital. The Board also took a decision to propose to the General Shareholders Meeting the day of dividend for 30 June 2022 and pay-out of the dividend for 14 July 2022.
The Company's Supervisory Board acknowledged and approved the Management Board's motion of 29 April 2022 regarding the distribution of the 2021 profit and recommended that the Company's Shareholders Meeting adopt a resolution on distributing the 2021 profit in conformity with the Management Board's motion.
On 31 May 2022, the Ordinary General Shareholders' Meeting of the Company, upon request of the Management Board in this regard, which was approved by the Supervisory Board, adopted a resolution on the distribution of profit for the financial year 2021, according to which the profit generated in 2021 shall be distributed in such a way that from the net profit generated in 2021 in the amount of PLN 482,162,138.66, the amount of

(in thousand PLN)

Dividend (cont.)

PLN 20,118,702, i.e. PLN 1.42 per share, with the remaining profit of PLN 462,043,436.66 to be allocated to supplementary capital. In addition, the Annual General Shareholders' Meeting of the Company set the dividend date at 30 June 2022 and the dividend payment date at 14 July 2022.

The dividend was paid out on 14 July 2022.

Dividend per share

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Dividend resolved and paid out to the reporting date	20 119	20 119
Number of shares with right to dividend as per resolution of the General Shareholders Meeting	14 168 100	14 168 100
Dividend per share in PLN	1,42	1,42

34. Unrecognised liabilities under executed agreements

Tax liabilities

Regulations on VAT, corporate and personal income tax and social security contributions change frequently, and as a consequence often there is no possibility of relying on established regulations or legal precedents. The regulations in effect tend to be unclear, thus leading to differences in opinions as to their legal interpretation, both between state authorities and between state authorities and entrepreneurs. Tax and other settlements e.g. customs or foreign currency may be subject to inspections by bodies authorized to impose material penalties, while additional amounts determined as a result of inspections are subject to interest. Consequently, the tax risk in Poland is higher than in other countries with more developed tax systems.

Tax settlements may be inspected for the period of five years. For this reason the amounts disclosed in the financial statements may change at a later date following final determination of their amount by tax authorities. The Company was inspected by the tax authorities.

Tax authorities are entitled to inspect books and accounting records. Within five years from the end of a year when a tax return is submitted, they may impose additional tax charges along with interest and other penalties. In the Management Board's opinion no circumstances occurred which could result in material liabilities on account of such charges, interest or penalties.

Guarantees and sureties

As at 31 December 2022, the total amount of sureties and guarantees was PLN 401,996 thousand and comprised the sureties for repayment of credits for subsidiaries and for the benefit of suppliers of subsidiaries.

	2022	2021
As at beginning of period	406 085	308 758
Issued and increases	113 960	136 933
Expired	(118 050)	(39 606)
As at end of period	**401 995**	**406 085**

The Company also holds a customs guarantee issued by InterRisk with respect to payment of a bid bond and a performance bond securing proper performance of contractual obligations and removal of defects in the case of supplies of spare parts for the Polish Post and Regional Police Stations.

35. Operating leases

Inter Cars S.A. is a party to storage and office space lease contracts.

All costs of lease of storage space related directly to the activity of the branches and covered by the Company are re-invoiced in full to the end users (entities running the branches) throughout the entire period during which they use such space (including the termination notice period). The costs of lease of office space are covered entirely by the Company.

(in thousand PLN)

Following the adoption of IFRS 16, the Company recognised the majority of its lease liabilities previously classified as 'operating lease' in finance lease liabilities and, in the case of sublease, as Lease liabilities subleased .

Short-term and low-value lease contracts are still recognized as an operating lease, nevertheless their value is non-significant.

Future minimum fees on an irrevocable financial lease

	31/12/2022	**31/12/2021**
Up to 1 year	106	36
From 1 to 5 years	8	23
	114	**59**

	31/12/2022	**31/12/2021**
Indefinite period	15	5
	15	**5**

36. Transactions with related entities

All transactions with related entities are executed at arm's length.

The Company executed transactions with entities related to members of the Supervisory Board and the Management Board, as well as members of the Key Personnel and their relatives. Key Personnel are persons with authority and responsibility for planning, directing and controlling the Company's activities directly or indirectly.

The table below sets forth the value of transactions and outstanding balances.

	01/01/2022 - 31/12/2022		**31/12/2022**	
	Sale to related entities	Purchase from related entities	Receivables from related entities	Payables to related entities
Subsidiary companies	3 185 326	1 814 664	1 564 844	666 557
Affiliated entities	143	1 449	29	-
Other related entities of Inter Cars S.A.	223	1 186	19	-

	01/01/2021 - 31/12/2021		**31/12/2021**	
	Sale to related entities	Purchase from related entities	Receivables from related entities	Payables to related entities
Subsidiary companies	2 464 891	1 452 060	1 140 348	598 023
Affiliated entities	138	848	106	56
Other related entities of Inter Cars S.A.	295	656	29	-

Purchase covers primarily purchase of spare parts, transport and logistics services and fees related to the use of Inter Car S.A.'s trademark.

The Company executed transactions with entities related to members of the Supervisory Board and the Management Board and their relatives.

There are no loans or liabilities to members of the Supervisory Board and Management Board, other members of Key Personnel and their relatives.

(in thousand PLN)

Transactions with related entities (cont.)

Spółka P.H. AUTO CZĘŚCI Krzysztof Pietrzak is a company linked to the Vice-President of the Management Board of Inter Cars S. A., Krzysztof Soszyński, while 60% shares in FF-SPORT Sp. z o.o. is owned by the President of the Management Board, Maciej Oleksowicz. Spółka P.H.U. ANPO Andrzej Oliszewski belongs to the Chairman of the Supervisory Board of Inter Cars S.A. Mr Andrzej Oliszewski.

Loans to subsidiaries and associated entities	**2022**	**2021**
Lauber Sp. z o.o.	8 750	8 750
IC Development & Finance Sp. z o.o.	11 439	17 912
NV Inter Cars Belgium	1 652	-
Q-SERVICE TRUCK Sp z o.o.	18 771	-
Inter Cars do.o. Beograd Rakovica	947	924
Inter Cars Norge	216	-
Inter Cars Fleet Services Sp z o.o.	3 297	3 240
	45 072	**30 826**

The amount of granted loans with maturity up to one year is PLN 33,621 thousand, while the amount of loans with maturity over one year totals PLN 11,451 thousand.

The loans granted to related entities bear interest at a rate equal to: 1M WIBOR (in the case of PLN-denominated loans), or EURIBOR 3M (in the case of EUR-denominated loans) plus a margin of 2%-5%.

Loans granted	**2022**	**2021**
As at beginning of period	32 828	35 367
Loans granted	20 390	2698
Interest accrued	993	427
Repayments received	(2,684)	(5,248)
Interest received	(4,697)	(412)
Balance sheet valuation	243	(4)
As at end of period	**47 073**	**32 828**

Interest accrued	**2022**	**2021**
Lauber Sp. z o.o.	650	206
IC Development & Finance Sp. .	27	63
NV Inter Cars Belgium	22	-
Q-SERVICE TRUCK Sp z o.o.	12	53
Inter Cars d o.o. Beograd Rakovica	24	18
Inter Cars Norge	3	-
Inter Cars Fleet Services Sp z o.o.	255	87
	993	**427**

Loans received	**2022**	**2021**
As at beginning of period	94 487	92 969
Interest accrued	2 203	1 791
Interest payment	-	(1)
Balance sheet valuation	1 694	(272)
As at end of period	**98 384**	**94 487**

Transactions with related entities (cont.)

Interest accrued	**2022**	**2021**
Inter Cars (Cyprus) LIMITED	2 203	1 791
	2 203	**1 791**

(in thousand PLN)

Guarantees and sureties issued as well as other agreements under which payments are to be made or services are to be provided to the related entities:

	2022	2021
As at beginning of period	395 943	291 314
Issued and increases	113 464	136 838
Expired	(117 982)	(32 209)
As at end of period	**391 425**	**395 943**

The remuneration of Key Management Personnel presented in this note includes the amounts paid during the reporting period.
The Company's Key Management Personnel include members of the Board of Directors and the Supervisory Board of the Company, as well as members of the Key Management Personnel. The Key Personnel are persons with authority and responsibility for planning, directing and controlling the Company's activities directly or indirectly.

The remuneration of the Key Personnel presented in this note includes the amounts paid during the reporting period:

	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Remuneration of the Members of the Management Board	17 475	14 768
Remuneration of the Members of the Supervisory Board	834	538
Remuneration of the other Members of the Key Management Personnel	8 240	6 172
Total	**26 549**	**21 478**

Moreover, Mr Krzysztof Oleksowicz, holding the position of Advisor of the Management Board, who is affiliated with Maciej Oleksowicz – received in 2022 a remuneration of PLN 960 thousand

37. Financial risk management

Credit risk

There is no significant concentration of credit risk regarding exposures to individual customers, specific industry sectors and geographic regions.

Credit risk is associated mainly with other receivables, cash and cash equivalents, as well as trade receivables and loans granted to related entities. Cash and cash equivalents are deposited with reputable financial institutions.

Under the credit policy adopted by the Company, credit risk exposure and its concentration are monitored on an on-going basis. All customers who require crediting in excess of a specified amount are assessed in terms of their creditworthiness. The Company does not require any of its customers to provide any asset-based security for financial assets.

The risk attributable to a significant portion of trade receivables is borne by the affiliate branch operators, with whom the Company settles accounts by sales margin sharing. The Company’s credit risk is therefore additionally reduced.

According to the Board's assessment, there is no threat of no recovery of receivables from related parties in the Group, therefore the Company does not identify credit risk related to these receivables.

(in thousand PLN)

Financial risk management (cont.)

As at the reporting date, there was no significant concentration of credit risks.

The carrying amount of each financial asset, including derivative financial instruments, represents the maximum credit risk exposure:

	31/12/2022	31/12/2021
Loans granted	53 144	38 953
Trade and other receivables (excluding loans granted)	2 874 651	2 089 527
Cash and cash equivalents	75 173	25 494
	3 002 968	**2 153 974**

The concentration of credit risk by the above categories is as follows:

- for loans granted - loans are granted to related parties and unrelated parties. There is a diversification of risk in this group due to the type of business relationships, diversity and geographical location of borrowers.

- for trade receivables - information is presented in note 14, for sub-leased receivables - the concentration of credit risk is limited and spread over several hundred branches of the Company.

- for cash - information is presented in note 15

Interest rate risk

The Company's exposure to interest rate risk is associated mainly with variable-rate liabilities and loans granted.

The Company has liabilities bearing interest at variable rates and liabilities bearing interest at fixed rates.

As at the end of the reporting period, the structure of interest-bearing financial instruments was as follows:

Variable rate financial instruments	**31/12/2022**	**31/12/2021**
Financial assets (loans granted)	53 144	38 953
Cash assets in bank accounts	48 899	10 607
Financial liabilities under loans, borrowings debt securities and finance leases.	(1 794 738)	(1 237 292)
	(1 692 695)	**(1 187 732)**

Presented below is sensitivity analysis of the net profit or loss to possible interest rate changes, assuming that other factors remain unchanged. The following data shows the impact of basis points on the Company's annual net profit or loss (no direct impact on equity).

Impact on net profit / loss	**basis points increase/decrease**	as at 31/12/2022	As at 31 December 2021
	+100/-100	(13 728)/13 728	(10 693)/10 693
	+200/-200	(27 455)/27 455	(21 385)/21 385

Currency risk

A significant portion of the Company's trade payables is denominated in foreign currencies, especially in EUR. Sales are denominated mainly in PLN.

(in thousand PLN)

Financial risk management (cont.)

	EUR	USD	Other	EUR	USD	Other
	31 December 2022			**31 December 2021**		
Trade receivables	1 958 126	7 921	6 483	1 462 217	12 034	7 987
Loans granted	947	-	-	924	-	-
Cash	40 368	84	2 198	2 767	76	327
Bank credits	(23 641)	-	-	(78 182)		-
Loans received	(98 384)	-	-	(94 655)	-	-
Trade payables	(265 871)	(248 076)	(121)	(168 118)	(232 462)	(207)
Gross balance sheet exposure	**1 611 545**	**(240 071)**	**8 560**	**1 124 953**	**(220 352)**	**8 107**

Presented below is sensitivity analysis of the net profit or loss to possible EUR exchange rate changes, assuming that other factors remain unchanged (no direct impact on equity):

as at 31 December 2022	**Foreign exchange rate increase/decrease**	**Impact on net profit / loss**
EUR	+5% /-5%	65 258/ (65 268)
	+10% / -10%	130 536 / (130 536)
USD	+5% / -5%	(9 723) / 9 723
	+10% / -10%	(19 446) / 19 446
Other	+5% / -5%	346 / (346)
	+10% / -10%	692 / (692)

as at 31 December 2021	**Foreign exchange rate increase/decrease**	**Impact on net profit / loss**
EUR	+5% /-5%	45 561/ (45 561)
	+10% / -10%	91 122 / (91 122)
USD	+5% / -5%	(8 924) / 8 924
	+10% / -10%	(17 848) / 17 848
Other	+5% / -5%	328 / (328)
	+10% / -10%	564 / (564)

Liquidity risk

In its operations the Company maintains a surplus of liquid assets and open credit lines.

The following table shows the value of current assets and liabilities and liquidity ratios as at 31 December 2022:

	2022	**2021**
Current assets	5 273 534	3 974 064
Short-term liabilities	2 568 870	1 920 846
Surplus of current assets over short-term liabilities	2 704 664	2 053 218
Current ratio	2,05	2,07
Quick ratio	1,12	1,15
Cash ratio	0,03	0,01

(in thousand PLN)

Financial risk management (cont.)

The current liquidity ratio is measured as a ratio of the current assets to the short-term liabilities at the end of a given period.

The liquidity ratio is calculated as a ratio of the current assets decreased by inventory to the short-term liabilities as at the end of the period.

The immediate liquidity ratio is calculated as a ratio of the cash to the short-term liabilities at the end of a period.

The table below presents future payments of the Company as at 31 December 2022 by the date on the basis of discounted payments.

Managing the cash flows of Inter Cars S.A. is critical for the functioning of the entire organization. The central point of this aspect of management is the cash flow planning model, covering the demand for capital, primarily including inventories as well as trade receivables and liabilities. By forecasting the demand for capital, the Company continually monitors the financial flows in individual countries and adjusts the financing sources accordingly, both at the Company and the local markets level. The Company finances its activities through a syndicate of 7 banks within the following proportion: 60% short-term loans and 40% long-term loans. The Company diversifies its financing sources and has issued bonds that have been subscribed for by entities other than banks. The Company also finances its liabilities from its equity, which amounted to PLN 2,775 million as at 31 December 2022. The Company reinvests financial resources gained on operational activity. To maintain liquidity, the Company keeps a stable amount of cash ranging from PLN 6 and 12 m available at its points of sale (- in all branches total).

2022	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings	-	-	1 030 268	710 621	-	1 740 889
finance lease liabilities	-	5 647	16 942	36 042	-	58 631
liabilities due to lease transformed into sub-lease	-	12 507	37 520	100 134	1 405	151 565
trade and other payables	72 670	1 295 101	29 988	43	16	1 397 818
	72 670	**1 313 256**	**1 114 718**	**846 840**	**1 421**	**3 348 903**

2021	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings	-	-	587 797	564 488	-	1 152 285
finance lease liabilities	-	1 770	5 309	27 800	-	34 878
liabilities due to lease transformed into sub-lease	-	12 340	37 020	98 654	12 816	160 830
trade and other payables	745 058	412 414	43 802	2	6	1 201 281
	745 058	**426 524**	**673 928**	**690 944**	**12 822**	**2 549 275**

Capital management

The main objective of the Company's capital management is to maintain a good credit rating and sound capital ratios to support the Company's operations and increase the shareholder value.

Depending on changes in the economic environment, the Company may adjust its capital structure by dividend pay-outs, capital repayments to shareholders, or issues of new shares.

In the reporting period, certain capital management restrictions were introduced in connection with the obtained credit facility agreement (see Note 18).

(in thousand PLN)

Financial risk management (cont.)

The Company analyses its equity and capital using the gearing ratio calculated as net debt to total equity plus net debt. The Group's net debt includes interest-bearing bank loans, bonds, and finance leases, as well as trade and other payables, less cash and cash equivalents. Equity includes equity attributable to owners of the Company.

	31/12/2022	31/12/2021
Loan, borrowing and finance lease liabilities	1 794 738	1 182 784
Trade and other liabilities	1 397 818	1 201 282
(less) cash and cash equivalents	(75 173)	(25 494)
Net debt	3 117 383	2 358 571
Equity	2 775 018	2 252 538
Net debt to equity	1,12	1,05

Net debt to equity calculated as proportion of short term liabilities and long-term liabilities to equity.

Fair value

In the opinion of the Management Board, the carrying amount of assets and liabilities is similar to their fair value.

Climate risk

Following the recommendations of the International Accounting Standards Board, the Company's management analysed the impact of climate risks on the Company's current and future financial position. At the date of this report, this impact has been assessed as insignificant.

38. Events subsequent to the balance sheet date

On 15 March 2023, the company "DANXILS sp. z o.o." was established The object of the company activity will be to build a distribution network in Poland in response to the high demand for fast and overnight logistics solutions in Eastern Europe. The partners are ILS sp. z o.o with its registered seat in Swobodnia and DANX GROUP A/S with its registered seat in Ishoj (Denmark).

ILS sp z o.o. acquired and paid for 35,255 shares with a nominal value of PLN 50 each, for a total amount of PLN 1,762,750, representing 50% of the share capital of DANXILS sp. z o.o.

39. Material evaluations and estimates

The preparation of the financial statements in conformity with the EU IFRS requires the Company's Management Board to make judgements and estimates which affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. The judgement and estimates are reviewed on an ongoing basis. Revisions to the estimates are recognised as profit or loss of the period in which the estimate is revised. Information on particularly significant areas subject to judgements and estimates which affect the financial statements is disclosed in the following notes:

- Note 13 Impairment losses on stock (the Management Board analyses whether or not there is a possibility of impairment of stock. In the event of identification of impairment, net obtainable values are to be evaluated),
- Note 14 Impairment loss on receivables (as at the balance sheet date, the Company evaluates whether or not there is evidence of impairment of a receivable or a group of receivables. If the recoverable value of an asset is lower than its carrying value, the Company creates an impairment loss to the level of the current value of planned cash flows),

Material evaluations and estimates (cont.)

- Note 6/8 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets
- The amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board of the Company also evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined.
- Note 11 Impairment losses on interests in subsidiary companies.

  The Management Board evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined.
- Note 23 Liabilities and receivables due to lease transformed into sub-lease

  According to the assessment of the Company's Management Board, the agreements for the lease of warehouse and office space intended for branch operations, where the Company, on the one hand, is the lessee (leases space from third parties) and, on the other hand, is the lessor (leases the same space to the branch owner), contain a lease. The ultimate party to the agreement is the branch owner, who has the right to receive substantially all the economic benefits of the space used and the right to manage the asset.
- Note 19/23 Finance lease liabilities/Liabilities and receivables due to lease transformed into sub-lease

  All leases entered into for an indefinite or fixed term with the possibility of renewal have been analysed in detail and classified as leases for the expected lease term individually estimated for each contract, taking into account existing business plans and other contracts justifying using a leased object over a given period. The assumed lease term is subject to update at the end of each quarter when the option to extend or reduce the lease term is exercised. For contracts without a contractually specified end date, the previously assumed lease term is extended by a further three months or reduced to its actual value if, in the opinion of the Management Board, there is economic and business justification for doing so.
- Note 13 Inventories, Note 14 Trade and other receivables, Note 20 Trade and other payables

  One of important estimates of the Management Board of the Company are the estimates on trade bonuses from suppliers on purchase of trade goods. Bonuses for the Company, calculated on realization of purchase plans, are included in expected values and included in the results or inventories, proportionally to rotation of sold merchandise.
- Note 8 Intangible assets

  The Company performs impairment tests for goodwill on an annual basis. For the 2022 and 2021 reporting periods, the recoverable amount of cash-generating units was determined based on a value-in-use calculation that required the use of assumptions. The calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five-year period are extrapolated using estimated growth rates. These growth rates are in line with industry forecasts.

40. Continued and discontinued operations

The Company’s objective is to safeguard its ability to continue as a going concern so that it can generate return for the shareholders, and to maintain an optimum capital structure to reduce the cost of capital.

(in thousand PLN)

The financial statements were prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

During the reporting period the Company did not discontinue any of its activities. It does not anticipate to discontinue them in the following period.

The most significant event that may affect the Company's financial results in future periods is the conduct of hostilities by the Russian Federation against Ukraine.

On 24 February 2022, the Russian Federation (Russia) launched military action against Ukraine. Transport and logistics between regions were disrupted, infrastructure was significantly damaged and many Ukrainian citizens were affected by the hostilities.

During the first weeks of the Russian invasion, Inter Cars Ukraine, based in Khmelnytskyi, Ukraine, in which the Company holds a 100% stake, had to suspend its operational activities. On 1 April 2022, the central warehouse of Inter Cars Ukraine was destroyed as a result of the hostilities. The was located in Kiev region, in Gorenka village, in Bucha region. As a result of the above, the Company

made a write-down for the assets located in the above mentioned central warehouse, including inventories and fixed assets, in the total amount of PLN 75 million.

At the beginning of 2022, hostilities moved largely to the east of Ukraine and Inter Cars operations resumed in relatively remote regions of the country, away from the ongoing hostilities. There are currently 36 branches out of 38 in operation

The Company's Management Board developed a safe way of delivering goods to the western regions of Ukraine, using the existing warehouse infrastructure and at the same time increasing the number of direct deliveries from the central warehouse in Zakroczym, Poland. The high availability of goods and the wide product range translated into a gradual increase in sales of Inter Cars Ukraine. In 2022, Inter Cars Ukraine realised sales of PLN 475 million, which is approximately 82% of sales from the same period a year before. In the current reporting period, Inter Cars Ukraine generated a loss of PLN 19 million. It should be noted that the result takes into account an impairment loss of PLN 75 million, which relates to assets located in a warehouse in Kiev that was destroyed as a result of warfare.

As at the date of approval of the financial statements, Inter Cars Ukraine continues to operate in Ukraine, is actively selling and the Company's operations do not constitute discontinued operations.

The assets of Inter Cars Ukraine amount to PLN 143 million, the majority of which are inventories of PLN 99 million and cash of PLN 18 million. The use and transfer of cash in Ukraine is not restricted or subject to any restrictions, therefore the Company's cash is reported under the balance sheet item 'Cash and cash equivalents'. The Company's payables amount to PLN 95 million, with trade payables to external suppliers amounting to PLN 6 million and their balance being settled on an ongoing basis.

The Company analysed the estimate of the allowance for expected credit losses in respect of trade receivables from Ukrainian customers and cash held in banks in Ukraine. An increased level of risk was applied in the expected credit loss model in valuation of the assets. As a result of this analysis, no significant change in the value of the tested assets was identified. Furthermore, the impact of the valuation of the examined assets, due to their low share in the Group's assets, is insignificant.

The assets of Inter Cars Ukraine are located primarily in the central and western regions of Ukraine in 36 different locations. The diversification of the location of assets makes it possible to limit the scale of potential damage resulting from Russian aggression in Ukraine and, consequently, to reduce the risk of potential write-downs.

The Group's Management Board is monitoring the Ukrainian company's operations on an ongoing basis and further actions will be taken by the Management Board in accordance with the developments and risks related to the armed conflict.

As at 31 December 2022, the Ukrainian company continues to operate and the Group controls the Ukrainian company and consolidates it using the full method in the financial statements. The Group performed an impairment test on the assets related to the goodwill of Inter Cars Ukraine. No impairment was identified based on the above mentioned test.

(in thousand PLN)

However, the development of the situation is dynamic and unpredictable. In connection with the above, the Company's Management Board analyses on an ongoing basis the situation related to the escalation of the armed conflict in Ukraine and does not rule out that possible new conditions and changes may significantly affect the Company's operations and financial results.

41. Consolidated financial statements

As the parent entity, Inter Cars S.A. prepares consolidated financial statements. The consolidation covers financial statements of the Company and its subsidiaries.

INFORMATION OF THE INTER CARS S.A. MANAGEMENT BOARD

REGARDING SELECTION OF AN AUDIT FIRM TO AUDIT THE ANNUAL FINANCIAL STATEMENTS

The Management Board of Inter Cars S.A., having its registered seat in Warsaw ("**the Company**"), acting in conformity with § 70.1.7 of the Minister of Finance Regulation of 29 March 2018 on the current and periodical information provided by securities issuers, and on consideration as equivalent the information required by law of a non-member state, as well as based on the statement of the Company's Supervisory Board to this effect, informs that the audit firm selected to audit the Company's standalone annual financial statements for the financial year ended on 31 December 2022 was selected in conformity with the applicable regulations, including those related to the selection of an audit firm and its selection procedure.

Furthermore, the Management Board of the Company informs that:

- the audit firm and the members of the audit team met the requirement of preparing an impartial and independent report on auditing the annual financial statements in conformity with the applicable law, professional standards and ethics;
- the applicable regulations related to the rotation of the audit firm, the key chartered auditor and the statutory grace periods are observed;
- The Company applies a policy governing the selection of an audit firm and a policy governing the provision by an audit firm, an entity related to an audit firm or by its member of additional services other than an audit, including services which an audit firm is conditionally permitted to provide.

These separate financial statements were approved by the Management Board of Inter Cars S.A for publication on 26 April 2023.

(in thousand PLN)

STATEMENTS OF THE MEMBERS OF THE MANAGEMENT BOARD AND APPROVAL OF THE FINANCIAL STATEMENTS

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent information required by the law of a non-Member State, dated 29 March 2018, the Management Board of Inter Cars S.A. hereby represents as follows:

- to the best of its knowledge the separate annual financial statements of Inter Cars S.A. ("Inter Cars") and the comparative data have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union, issued and effective as at the date of these financial statements, and give a true and fair view of the assets, financial standing and financial results of Inter Cars S.A.

- The comments to the annual report constituting an annual report on the activities of the Inter Cars Group gives a true and fair view of the development, achievements and situation of the Inter Cars S.A., including description of basic threats and risks.

Maciej Oleksowicz
President of the Management Board

Krzysztof Soszyński
Vice-President of the Management Board

Wojciech Twaróg
Member of the Management Board

Piotr Zamora
Member of the Management Board

Julita Pałyska
Person responsible for keeping the accounting books

Warsaw, 26 April 2023.