MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES INTER CARS S.A. AND THE INTER CARS S.A. CAPITAL GROUP

IN THE YEAR ENDED ON 31 December 2022

REPORT ON THE OPERATIONS OF THE INTER CARS GROUP

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1. Information on basic activities of Inter Cars Group

Inter Cars Group has been a leading distributor of spare parts for passenger cars and trucks on the Polish market for many years. Inter Cars offers over two million spare parts for passenger cars and trucks, parts for motorcycles, farming and industrial machines as well as accessories for drivers.

In addition, Group has gradually been developing its activity in over 20 countries across Europe, ranking first in the Central and Eastern part of the continent, second on the entire continent and seventh globally. 2020 marked the 30th anniversary of Inter Cars' market debut.

The Group operates in Poland, Ukraine, the Czech Republic, the Republic of Slovakia, Lithuania, Hungary, Italy, Croatia, Belgium, Romania, Latvia, Cyprus, Bulgaria, Estonia, Moldova, Slovenia, Germany, Bosnia and Herzegovina, Greece, Serbia , Great Britain and Malta. In 2023, the Group began sales in the Norwegian market through a subsidiary opened in 2021.

The main customer of Inter Cars S.A. are B2B contractors - automotive repair garages. The Group supports automotive repair garages in gaining final customers - the drivers. For this reason Inter Cars is launching B2C projects, which are aimed at meeting automotive needs of drivers and redirecting them to garages which are given with quality and image support from Inter Cars S.A.

The Group opened 38 new branches in Europe in 2022, and lost 2 branches in Ukraine as a result of the hostilities.

Thanks to its present structure of sales of automotive spare parts, which corresponds to the stock of vehicles registered, high availability of its offering, and use of modern sales tools, the Group is able to offer attractive terms of cooperation to its customers. The Group is a leader in the implementation of new sales support solutions.

The year 2022 is year of dynamic **development of activities of Inter Cars subsidiaries**. The Management Board expects that the growth of the whole Group in the forthcoming years will be significantly driven by its subsidiary undertakings

The spare parts distribution market has significant growth potential. The main market drivers include the **continuous increase in the demand for spare parts for commercial vehicles**, **liberalisation of applicable regulations** providing for access of independent spare parts distributors to authorized garages, **elimination of barriers to the import** of second-hand vehicles, **increasing complexity of repairs** due to the more widespread use of advanced technologies in the manufacturing of vehicles, and the continuously growing intensity of vehicle use, including in particular an increase in the average age of registered vehicles and the average mileage. The most important trends on the **independent spare parts distribution market** include the strong development of sales networks, extension of the range of products, development of sales support programmes, development of proprietary product lines and improvement of computer systems.

The Group's primary objectives are to continuously improve the quality of management of the flow of goods and to gain the leading position on the European market. To reach those objectives, the Group will expand its existing distribution model with additional elements – affiliate branches, regional warehouses and subsidiary distribution companies outside Poland. In effect, the Group will strengthen its position as the most effective and efficient spare parts distribution channel between manufacturers and end users – garages.

Inter Cars benefits from its scale of operation and at the same time is organised in smaller, specialised business segments, thus acting swiftly and flexibly, able to compete with smaller companies. Our paramount strategic aim is to build value for shareholders by optimum use of available intellectual potential and material potential and realization of professional development programs in areas connected with activity of the company. The strategic objective is to become the market leader in Europe and, of course, to maintain the leading position in Central and Eastern Europe.

Inter Cars S.A. Group's strategy of development is based on several key elements:

1. Product range development
2. Development of distribution network in Poland and abroad.
3. Logistics
4. Development of partnership programmes.
5. Development of Motointegrator.pl and fleet programme.

The Group intends to reach its aim by organic growth in new markets as well as developing on the markets, where it has its business activities. The distribution chain is built on the basis of distributors selling merchandise on behalf of the Group.

The Group still sees room for growth in the year ahead, primarily by developing sales within specific segments in each country. Growth, based on segment strategies gives agility and flexibility in business management and increases the Group's competitiveness, resulting in the fact that higher sales growth rates than local competitors have been recorded in many countries. In 2023, the Group is setting its sights on further growth by, among other things, expanding its product range. There are currently approx. 600,000 reference units, the highest number in Europe in traditional parts distribution. The strategy of purchasing parts from manufacturers before increases, which was adopted in 2022, will continue in the current year.

Between 2023 and 2024, the Group plans to expand its logistics centre in Zakroczym with an additional 100 thousand sq. m of space. Investment expenditure is planned at PLN 250 million.

On 15 March 2023, the company DANXILS sp. z o.o. was established.
The partners are ILS sp. z o.o, based in Swobodnia, and DANX GROUP A/S, based in Ishoj Denmark. Danx is a logistics company specialising in overnight distribution of spare parts, which operates in Denmark, Estonia, Finland, Latvia, Lithuania, Norway and Sweden. 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, which represents 50% of the share capital of DANXILS sp. z o.o. The object of the new joint venture will be to build a distribution network in Poland for spare parts in response to the high demand for fast and overnight logistics solutions in Eastern Europe.

Inter Cars is number 1 in Poland and Central and Eastern Europe among distributors of automotive spare parts. Inter Cars is the biggest distributor of spare parts for commercial vehicles in Europe.

2. Financial standing of the Company and the Group for the period of 12 months ending on 31 December 2022.

2.1. Selected financial data from the consolidated report on total income of the Group

(in thousand PLN)	for the period of 12 months ended on		
	31/12/2022	31/12/2021	change
Revenues from the sale of products, goods and materials	15,285,101	12,242,047	24.9%
Cost of sales	(10,630,114)	(8,490,779)	25.2%
Gross profit on sales	**4,654,987**	**3,751,268**	**24.1%**
Other operating revenue	66,481	49,570	34.1%
Selling cost, general and administrative expenses	(1,983,700)	(1,570,999)	26.3%
Costs of distribution service	(1,529,288)	(1,242,393)	23.1%
Other operating costs	(166,248)	(78,733)	111.2%
Operating profit	**1,042,232**	**908,713**	**14.7%**
Financial revenues	27,682	13,094	111.4%
Foreign exchange gain/loss	(2,020)	3,419	(159.1%)
Financial costs	(142,518)	(48,300)	195.1%
Interest in associates	424	316	34.3%

(in thousand PLN)

Selected financial data from the consolidated report on total income of the Group (cont.)

	for the period of 12 months ended on		
	31/12/2022	**31/12/2021**	**change**
Profit before tax	**925,800**	**877,242**	**5.5%**
Income tax	(180,102)	(177,662)	1.4%
Net profit	**745,698**	**699,580**	**6.6%**
Attributable to:			
shareholders of the parent company	745,698	699,580	6.6%
	745,698	**699,580**	**6.6%**
OTHER COMPREHENSIVE INCOME			
Foreign exchange gains /losses	462	14,727	(96.9%)
Total other comprehensive income, net	**462**	**14,727**	**(96.9%)**
COMPREHENSIVE INCOME	**746,160**	**714,307**	**4.5%**
Net profit attributable to:			
- the shareholders of the parent entity	745,698	699,580	6.6%
	745,698	**699,580**	**6.6%**
Comprehensive income attributable to:			
- the shareholders of the parent entity	746,160	714,307	4.5%
	746,160	**714,307**	**4.5%**
Earnings per share (PLN)			
- basic and diluted	52.63	49.38	6.6%
Weighted average number of shares	14,168,100	14,168,100	-

Source: Consolidated Financial Statement of the Group for the year ended on 31 December 2022.

In 2022**, the Group's sales revenues were 24.9% higher than in 2021.** It should be noted that sales increase was due to inflation and also development of distribution chain.

In 2022 the Group opened 42 new branches ((2 were lost as a result of the hostilities in Ukraine), i.e. as at 31 December 2022 the total number of branches was 618 (2021: 578), 244 branches in Poland and 374 branches abroad, from 240 branches in Poland and 338 abroad in 2021.

Gross profit on sales revenue went up by 24.1% in comparison to 2021.

In the Management Board's opinion the 6.6% increase in the 2022 net profit compared with 2021, and a 24.9% increase in the sales revenues, resulted, among other things, from:

- the lack of availability of cars on the primary market in most European countries, has triggered an increase in demand for second-hand cars,
- the increasing average age of the car fleet in Central and Eastern Europe, which translates into increased scope and frequency of repairs,
- competitive advantage in the automotive parts market resulting from ensuring continuity of supply to customers through an extensive subsidiary network, and the widest product range resulting from a significant number of suppliers also providing the opportunity to diversify risk in case of unavailability of goods from manufacturers,
- an increase in revenues caused by an increase in selling prices (inflation),
- the Group's net result was negatively affected by a write-down of PLN 75 million, which corresponds to the value of goods and fixed assets located in the central warehouse in Kiev, Ukraine. The warehouse was destroyed as a result of military operations conducted by the Russian Federation in Ukraine
- Capital Group's debt ratio as at 31 December 2022, expressed as net debt to EBITDA ratio, as at 31 December 2022 amounted to about 1.4,

Selected data from the consolidated statement of the Group's financial situation (cont.)

- the increase in the Group's debt, as measured by the net debt to EBITDA ratio, is due to the optimisation of purchases and the stocking of the warehouse ahead of the announced price increases from suppliers, which consequently translated into increased sales growth and profitability (inflation annuity),
- stock level in Capital Group of the Company as at 31 December 2022 amounted to PLN 4,096 million and was higher by approx. 32% in comparison to the level as at the end of 2021.

2.1. Selected data from the consolidated statement of the Group's financial situation

The financial liquidity of the Company and its related entities remains at a proper level, and the value of the current assets is higher than that of the short-term liabilities.

ASSETS (in thousand PLN)	**31/12/2022**	**31/12/2021**	**Change**
Non-current assets			
Tangible fixed assets	545,271	473,236	15.2%
Right-of-use assets	392,963	234,977	67.2%
Investment property	3,311	2,973	11.4%
Real estate available for sale	-	8,078	(100.0%)
Intangible assets	196,074	191,787	2.2%
Investments in associates	3,642	2,037	78.8%
Investments available for sale	1,228	298	312.1%
Receivables	36,456	25,210	44.6%
Receivables due to lease transformed into sub-lease	250,366	228,500	9.6%
Deferred tax assets	20,930	16,200	29.2%
	1,450,241	**1,183,296**	**22.6%**
Current assets			
Inventory	4,096,106	3,112,013	31.6%
Trade and other receivables	2,021,397	1,669,278	21.1%
Receivables due to lease transformed into sub-lease	80,607	77,414	4.1%
Cash and cash equivalents	357,190	240,665	48.4%
	6,555,300	**5,099,370**	**28.6%**
TOTAL ASSETS	**8,005,541**	**6,282,666**	**27.4%**
LIABILITIES			
Share capital	28,336	28,336	-
Share premium account	259,530	259,530	-
Other supplementary capital	2,115,245	1,615,749	30.9%
Foreign exchange gains /losses in subsidiaries	4,837	4,375	10.6%
Retained earnings	1,407,777	1,181,694	19.1%
Equity	**3,815,725**	**3,089,684**	**23.5%**
Long-term liabilities			
Liabilities due to credits, loans	728,874	580,792	25.5%
Finance lease liabilities	357,419	201,536	77.3%
Liabilities due to lease transformed into sub-lease	250,366	228,500	9.6%
Other long-term liabilities	6,206	7,832	(20.8%)
Deferred income tax provision	53,963	57,272	(5.8%)
	1,396,828	**1,075,932**	**29.8%**

(in thousand PLN)

Selected data from the consolidated statement of the Group's financial situation (cont.)

Short-term liabilities			
Trade and other liabilities	1,191,778	1,124,302	6.0%
Trade and other liabilities - passed for factoring	119,969	110,076	9.0%
Liabilities due to credits, loans	1,158,567	643,027	80.2%
Finance lease liabilities	89,363	54,994	62.5%
Liabilities due to lease transformed into sub-lease	80,607	77,414	4.1%
Employee benefits	33,700	28,047	20.2%
Income tax liabilities	119,004	79,190	50.3%
	2,792,988	**2,117,050**	**31.9%**
TOTAL LIABILITIES	**8,005,541**	**6,282,666**	**27.4%**

2.2. Selected financial data from the report on total income of the Company

	01/01/2022 - 31/12/2022	**01/01/2021 - 31/12/2021**	**change**
Revenues from the sale of products, goods and materials	10,326,349	8,383,755	23.2%
Cost of sales	(7,693,556)	(6,242,951)	23.2%
Gross profit on sales	**2,632,793**	**2,140,804**	**23.0%**
Other operating revenue	52,298	12,730	310.8%
Selling cost, general and administrative expenses	(1,209,452)	(891,903)	35.6%
Costs of distribution service	(732,951)	(623,994)	17.5%
Costs of license	(43,082)	(35,548)	21.2%
Other operating costs	(51,792)	(50,623)	2.3%
Operating results	**647,814**	**551,466**	**17.5%**
Financial revenues	19,870	8,887	123.6%
Dividends received	103,591	58,359	77.5%
Foreign exchange gain/loss	(2,020)	3,419	(159.1%)
Financial costs	(115,696)	(30,936)	274.0%
Profit before tax	**653,559**	**591,196**	**10.5%**
Income tax	(110,960)	(109,033)	1.8%
Net profit	**542,599**	**482,162**	**12.5%**
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income, net	**-**	**-**	-
COMPREHENSIVE INCOME	**542,599**	**482,162**	**12.5%**
Earnings per share (PLN)			
- basic and diluted	38.30	34.03	12.5%
Weighted average number of shares in the year	14,168,100	14,168,100	-

2.3. Selected financial data from the separate report on financial standing of the Company

(in thousand PLN)

ASSETS	31/12/2022	31/12/2021	Change
Non-current assets			
Tangible fixed assets	121,359	103,198	17.6%
Right-of-use assets	27,298	26,573	2.7%
Intangible assets	186,438	183,097	1.8%
Investments in subordinated entities	508,083	508,265	0.0%
Investments available for sale	1,189	258	360.9%
Receivables	23,324	13,645	70.9%
Receivables due to lease transformed into sub-lease	95,945	103,777	(7.5%)
	963,636	**938,813**	**2.6%**
Current assets			
Inventory	2,389,835	1,761,693	35.7%
Trade and other receivables	2,762,570	2,141,491	29.0%
Receivables due to lease transformed into sub-lease	45,956	45,386	1.3%
Cash and cash equivalents	75,174	25,494	194.9%
	5,273,534	**3,974,064**	**32.7%**
TOTAL ASSETS	**6,237,170**	**4,912,877**	**27.0%**
LIABILITIES			
Equity			
Share capital	28,336	28,336	0.0%
Share premium account	259,530	259,530	0.0%
Supplementary capital	1,938,295	1,476,252	31.3%
Other reserve capitals	5,935	5,935	0.0%
Retained earnings from previous and current years	542,922	482,485	12.5%
	2,775,018	**2,252,538**	**23.2%**
Long-term liabilities			
Liabilities due to credits, loans	710,650	564,517	25.9%
Finance lease liabilities	33,026	24,494	35.0%
Liabilities due to lease transformed into sub-lease	95,945	103,777	(7.5%)
Deferred income tax provision	53,661	46,704	14.9%
	893,282	**739,492**	**20.8%**
Short-term liabilities			
Trade and other liabilities	1,397,818	1,201,282	16.4%
Liabilities on credits, loans, debt securities	1,030,268	587,797	75.3%
Finance lease liabilities	20,794	5,975	248.0%
Liabilities due to lease transformed into sub-lease	45,956	45,386	1.3%
Employee benefits	14,491	12,446	16.4%
Income tax liabilities	59,543	67,960	(12.4%)
	2,568,870	**1,920,846**	**33.7%**
TOTAL LIABILITIES	**6,237,170**	**4,912,877**	**27.0%**

Structure of Inter Cars Capital Group results from strategy of geographical expansion in distribution of automotive spare parts (Inter Cars Ukraine LLC, Inter Cars Ceska Republika s.r.o., Inter Cars Slovenska Republika s.r.o., Inter Cars Lietuva UAB, Inter Cars d.o.o, Inter Cars Hungaria Kft, Inter Cars Belgium NV, IC Italia s.r.l, Inter Cars Romania s.r.l., Inter Cars Latvija SIA, Inter Cars Bulgaria Ltd., Cleverlog-Autoteile GmbH, Inter Cars Eesti OÜ, Inter Cars INT d o.o., Inter Cars Piese Auto s.r.l., Inter Cars d o.o. Inter Cars GREECE, Inter Cars United Kingdom - automotive technology Ltd and Inter Cars d.o.o. Beograd-Rakovica, OOO Inter Cars Automobilna Technika, Inter Cars Norge, Inter Cars Deutschland GmbH) and development of supporting projects for core business (Lauber Sp. z o.o., Feber Sp. z o.o., Q-Service Sp. z o.o., IC Develoment & Finance Sp. z o.o., Armatus Sp. z o.o., Inter Cars Cyprus Limited, Inter Cars Marketing Services Sp. z o.o., ILS Sp. z o.o., Inter Cars Malta Holding, Inter Cars Malta Limited, Q-Service Truck Sp. z o.o., Aurelia Auto d.o.o., Inter Cars Fleet Services Sp. z o.o.).

Goods are distributed through the logistics centre in Zakroczym, a network of 244 own affiliate branches in Poland and 374 branches abroad in Ukraine, the Czech Republic, Slovakia, Lithuania, Hungary, Croatia, Italy Belgium, Romania, Latvia, Bulgaria, Germany, Estonia, Slovenia, Moldova, Bosnia and Herzegovina, Greece, Great Britain and Serbia, and logistics centres in Czosnów, Sosnowiec and Komorniki, in Croatia, Romania, Bulgaria, Hungary, Czech and Latvia. The Central Warehouse has all product groups available, while the affiliate branches store only fast moving products, making sure that their product range, its quality and accessibility matches local requirements.

3. Basic goods and target markets of the Inter Cars Group

The sales revenue in 2022 **was primarily driven by**:

(a) the limited supply of new and used cars and the record high age of imported vehicles - approx. 13 years in the month of October 2022, which translates primarily into an increase in the useful life of cars and an increase in necessary repairs,

(b) Inter Cars Group maintaining higher sales dynamics than some of its competitors, which translates into sales growth above the market. This was possible thanks to the use of the Group's strong competitive advantage and strong foundations, particularly in terms of:

- the widest product range and the resulting significant number of suppliers also providing the opportunity to diversify risk in the event of unavailability of goods from manufacturers. In many product groups, we have availability of complementary products, i.e. for the same vehicle and of similar quality, but from different suppliers. If one supplier does not have products for a particular model, other suppliers have the availability. The garage can carry out a repair, but does not necessarily have to use parts from the preferred manufacturer.

- the efficiency of the logistics and distribution network consisting of 618 branches, of which 38 new foreign branches were opened in 2022, which translated into the ability to meet a significant increase in demand in a short period of time

(c) an increase in revenues caused by an increase in selling prices.

(d) ageing of the car fleet. Due to the decline in new car sales, the market share of second-hand cars has increased and, consequently, the frequency of repairs. In addition, the average age of vehicles on the road continues to rise steadily.

(e) inventories management system optimisation continuation, covering both stock level optimisation for individual product groups, and supply chain optimisation, which primarily involved increased role of regional distribution centres and sourcing larger supplies directly from manufacturers,

(f) dynamic development of export sales to Western European markets,

(g) on German market we can observe dynamic growth of sale of automotive spare parts via Motointegrator.de platform.

A subsidiary company on German market: Cleverlog-Autoteile GmbH continues to grow dynamically in e-commerce area. On-line shops under the Motointegrator domain offering a wide range of spare parts and accessories are currently operating not only in the German market, but also in France, Austria, the Netherlands and Spain. Motointegrator shops designed to serve the Italian and Belgian markets are in the final stages of preparation. Each e-commerce shop has undergone strict audit and received the Trusted Shops certification, which confirms the continuation of the strategy of caring about quality at every stage of service and customer satisfaction.

The Motointergator.de shop also received numerous awards and prizes from German consumer organisations and trade magazines (e.g. SERVICE Champions, CHIP Leading Shops, TOP Shop, TREND Shop) in 2022. Above all, customer care, a wide range of products and fast delivery are appreciated.

Particularly worth noticing is the fact that motointegrator.de was ranked as one of the best German online shops of its sector in 2022 by the German TV channel NTV and the Deutsches Institut für Service und Qualität, receiving a distinction: „DEUTSCHLANDS BESTE ONLINE-SHOPS 2022"

Basic commodities and products

Inter Cars offers the widest range of automotive spare parts in Central and Eastern Europe. The Group's offering includes both branded goods that are identical in terms of quality with those used in the factory assembly of vehicles, as well as significantly cheaper but good-quality goods sourced from manufacturers selling their products exclusively to the aftermarket. The product range comprises spare parts for majority of vehicles sold in Poland and Europe and manufactured in Western Europe, Japan and South Korea, as well as for selected makes manufactured in the USA.

The Group has been systematically expanding the assortment of offered goods. It is done by extending the offering in particular segments, by adding new categories to the existing segments, and by entering new markets.

The Inter Cars Group also owns Feber Sp. z o.o. - manufacturer of semi-trailer tippers and trailers. Feber is the sole Polish representative of Legras - a manufacturer of specialised semi-trailers. In addition, Feber runs a car rental and specializes in post-collision repairs.

Another company belonging to the Group is Lauber sp z o.o. The Company specializes in remanufacturing of car parts. This allows customers to avoid the costly purchase of new parts and scrapping of old ones. The quality of reconditioned parts is equal to that of brand new ones.

The Group also includes Inter Cars Fleet Services Sp. z o.o. The Company's main activity is the comprehensive service of car fleets in the field of repair, as well as diagnosis and repair of all the most popular OE brands. The company cooperates with a network of more than 1,000 garages across the country and is the only company on the Polish market to service all types of vehicles - cars, vans, trucks and specialised vehicles.

Another company in the Group is ILS Sp. z o.o. The company is responsible for providing comprehensive logistics services related to storage and handling of goods for the companies of the Inter Cars Group and external companies. ILS Sp. z o.o. manages 11 warehouses located in Poland and 10 warehouses in Europe, including Romania, Croatia, Latvia, Lithuania, Bulgaria and Greece. All logistics premises of ILS are modern, fully automated "A" class warehouses. Among them there are some of the most modern warehouses in our industry in Europe. After years of development and expansion of its logistics centres, the Inter Group's warehouse space in Poland and abroad covers 360,000 m2.

The largest area is occupied by three main Logistics Centres - European Logistics and Development Centre (Zakroczym, Czosnów), Western Logistics Centre in Komorniki and Southern Logistics Centre in Sosnowiec.

Supplementation of Group's , activity is sale of commercial vehicles and trucks made by Isuzu, ran by the first in Poland authorized dealer of the company – Q-Service Truck Sp. z o.o. The company has also been responsible for the distribution and development of the Ford Trucks dealership chain in Poland. Moreover, the company is also an authorized representative of ZF

Friedrichshafen AG regarding the sale and servicing of manual transmissions, automated and automatic transmissions for trucks.. In 2022, we expanded our business with further ZF Friedrichshafen AG licences for AVE electric axles for city buses and ZF ECOLIFE automatic transmissions

In 2022, 662 Ford Trucks vehicles were sold in Poland, which means 57.6% more vehicles than in 2021, when 420 users bought the products of the Ford Trucks brand Sale of Ford Trucks vehicles in 2022 was determined by the ability to supply vehicles from the factory, which was facing a shortage of components for vehicle production. Ford Trucks Polska has been steadily recording an increase in sales and is also expanding its range; in addition to the F-MAX truck tractors, we delivered the first specialist chassis for scrap metal haulage and winter road maintenance to customers. In 2022, it launched the further sales and service point in Podkarpackie region. In 2023, we plan to further develop the service and sales network and expand it with more dealers. Their number will depend on the situation on the truck market and the production capacity of the factory.

(in thousand PLN)

The table below sets forth Inter Cars Capital Group's sales revenue **broken down by operating segments**.

	Sale of spare parts		Sale of spare parts Ukraine		Other		Eliminations		Amount	
	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Revenues from external customers	14,393,410	11,405,523	474,563	579,545	417,128	254,295	-	-	15,285,101	12,242,047
Revenues between segments	7,363	4,077	-	-	848,216	634,015	(855,579)	(638,092)	-	-
Interest revenue	19,047	14,951	-	-	10	11	(3,722)	(2,731)	15,335	12,231
Interest costs	(130,129)	(40,660)	-	-	(1,483)	(542)	3,740	2,695	(127,872)	(38,507)
Amortization and Depreciation	(127,801)	(103,667)	-	-	(38,605)	(37,774)	11,430	11,430	(154,976)	(130,011)
Profit before tax	**1,010,574**	**867,965**	**(24,681)**	**31,599**	**67,196**	**43,716**	**(127,289)**	**(66,038)**	**925,800**	**877,242**
Shares in results of affiliates – using equity method	-	-	-	-	-	-	-	-	-	-
Total assets	**10,825,658**	**8,450,362**	**142,630**	**201,974**	**665,227**	**576,450**	**(3,627,974)**	**(2,946,120)**	**8,005,541**	**6,282,666**
Capital expenditure (for purchasing tangible assets, intangible assets and investment property)	(188,674)	(83,129)	-	-	-	-	-	-	(188,674)	(83,129)
Total liabilities	**6,571,140**	**4,928,950**	**95,453**	**125,634**	**221,746**	**170,927**	**(2,698,523)**	**(2,032,528)**	**4,189,816**	**3,192,983**

Subsidiaries, like the parent company, offer both parts for passenger cars and trucks, with addition that the total structure of the Group's sales is dominated by parts for passenger cars.

About 45% of the sales revenues of the Group in 2022 came from the **sales in Poland.**

(in thousand PLN)

Inter Cars Group's **primary sale market** is Polish market. In 2022 the fastest developing countries were Serbia, Greece, Germany and Moldova. These are mainly new markets, which Inter Cars is just entering with its products.

The Group owns warehouses in Latvia, delivering commodity mainly to Estonia, in Romania, delivering commodity to Bulgaria, Republic of Moldova and in Bulgaria, delivering commodity to Serbia and Greece. Whilst the regional warehouse in Croatia supplies goods to Italy, Republic of Slovenia and Bosnia. Logistics operator of the warehouses in Poland and Latvia is ILS sp. z o.o. Company, which is a part of Inter Cars Group.

Romania is the second biggest market of the Group, after Poland. 62 branches deliver goods to over 55,000 customers and 12,000 garages, and the Company is number 3 in the country.

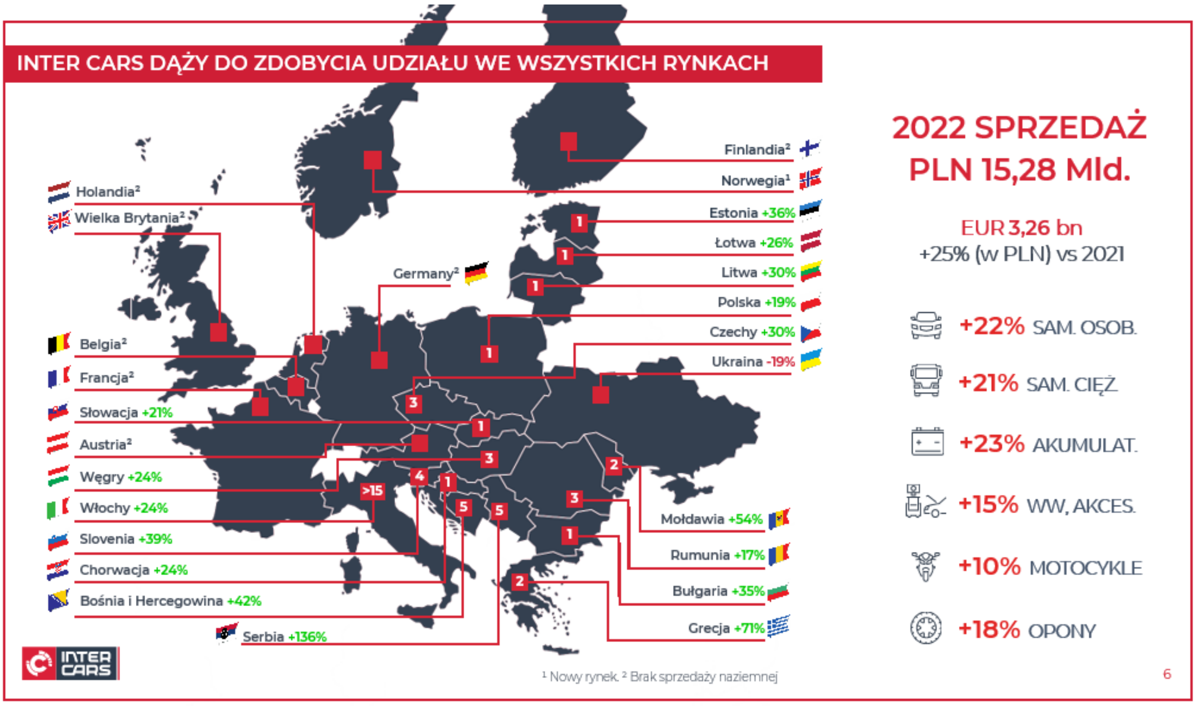
Basic structure of distribution markets

Sales revenues in a given country:

	2022	share	2021	share
Poland	7,180,576	48.70%	5,883,888	49.50%
Romania	1,248,095	8.50%	1,068,369	9.00%
Bulgaria	957,256	6.50%	711,213	6.00%
Latvia	595,582	4.00%	478,558	4.00%
Lithuania	570,773	3.90%	440,203	3.70%
Czech	557,305	3.80%	431,522	3.60%
Hungary	528,933	3.60%	421,537	3.50%
Slovakia	495,689	3.40%	412,269	3.50%
Ukraine	474,563	3.20%	579,545	4.90%
Croatia	460,510	3.10%	367,927	3.10%
Greece	382,635	2.60%	225,307	1.90%
Germany	347,743	2.40%	223,503	1.90%
Estonia	249,050	1.70%	184,782	1.60%
Slovenia	158,512	1.10%	113,967	1.00%
Moldova	165,316	1.10%	108,179	0.90%
Serbia	127,776	0.90%	54,190	0.50%
Bosnia and Herzegovina	122,358	0.80%	84,725	0.70%
Italy	101,849	0.70%	84,868	0.70%
Great Britain	31,288	0.20%	23,045	0.20%
Belgium	728	0.00%	470	0.00%
Total	**14,756,538**	**100.0%**	**11,898,067**	**100.0%**

Revenue of distribution companies by location (excluding revenue of supporting companies and some distribution companies which share is minor).

(in thousand PLN)



Sales growth YoY calculated on the basis of data presented in EUR

The tables below set forth Inter Cars Group's sales revenue **broken down by basic types of goods**.

	2022	Share	2021	Share
Spare parts for passenger cars	8,081,801	52.87%	6,486,810	*52.99%*
Spare parts for commercial vehicle and buses	2,461,951	16.11%	1,971,555	*16.10%*
tyres, batteries and lubricants	3,561,130	23.30%	2,826,828	*23.09%*
garage equipment	513,288	3.36%	436,471	*3.57%*
motorcycles: accessories and parts	217,608	1.42%	194,340	*1.59%*
Accessories	51,476	0.34%	44,719	*0.37%*
other sale - services	53,146	0.35%	74,790	*0.61%*
semi-trailers - Feber	85,550	0.56%	73,132	*0.60%*
ISUZU and FORD Truck automobiles	259,151	*1.70%*	133,402	*1.09%*
	15,285,101	***100.00%***	**12,242,047**	***100.00%***

The largest sales increase in the Group's core business was recorded in the commercial vehicle parts segment, mainly due to the gradual increase in the product range and entry into new markets, where the passenger car parts offer had been developed so far.

Since the launch of the Ford Trucks brand on the Polish market in 2019, Q Service Truck Sp. z o.o. has been systematically building a dealer network based on the Q-Service Truck chain in Poland. Customers who buy new vehicles are provided with service which also influences the decision on subsequent purchases. Good opinion about the service chain, Ford Trucks products and increased demand for vehicles have resulted in the share of the Ford Truck brand in the heavy-duty vehicle market growing systematically, with sales increasing by o than 94% y-o-y.

Market environment

Inter Cars operates in the segment of distribution of new spare parts, supplied mainly to garages independent of vehicle manufacturers.

Key drivers of the market development

The aftermarket for spare parts is a natural spin-off of the automotive market, as vehicle repairs and replacements of consumable parts create continuous demand for spare parts.

One of the factors influencing the **situation of the market** is the **number of cars** registered in Poland and in other European countries and driving on the roads. In the whole year 2022, in countries where the Group has its operations, the number of newly registered cars went down by 2.8% in comparison to 2021 (according to ACEA report. This was due to delays in the supply of semiconductors to the vehicle production lines. The delays in production lengthened the queues waiting for new vehicles as well as the useful life of existing cars. Fears of rising inflation and maintenance costs have contributed to postponing the decision to buy a new car and repairing vehicles which are in use.

More and more factors decide about the competitive position of distributors. These factors include in particular the traditional aspects of customer communication (location of points of sale) and availability (and, by extension, order lead times), but also the development of quality aspects. In practice, the improvement in customer service quality consists in the development of the product range by adding new product lines and providing "one-stop shops" for the customer, as well as the provision of on-line access to product information, starting from product availability to the technical specifications regarding product assembly. From the perspective of distributors this means that on the one hand they will benefit from higher customer loyalty and volume of purchases; on the other they face a great challenge, as they must develop the logistics base and enter new market segments, often characterised by a different "sales philosophy" and different, highly specialised competition.

Inter Cars Group realizes such strategy, which is called „One Stop Shop – everything under one roof". This means that Inter Cars, being a distributor with the widest range of spare parts for passenger cars, provides its customers (servicing garages) added values in the form of marketing supports, investment support, trainings and redirects customers to garages using its fleet programme and Motointegrator.pl platform.

Number and structure of vehicles used

According to European Automobile Manufacturers' Association, in the year 2022 the sales of new cars in the European Union went down by 4.6% in comparison to 2021 and amounted to 9.3 million pieces. The largest car market are still Germany and , the UK, France and Italy, respectively.

The total number of passenger cars in Europe in 2021 was estimated to be 249.6 million vehicles (including not used and not de-registered vehicles), with an increase of 1.2% compared to 2020, of which 25.9 million were passenger cars in Poland, no data for the year 2022.

The average age of a passenger car in the European Union is estimated to be 12 years. Vehicles in Poland are older as the average age of a vehicle is estimated to be approximately 14.5.

According to data from the end of December 2022, a total of 64,705 passenger and commercial electric vehicles were registered in Poland. Last year, their number increased by 26,439 units, i.e. by 33% compared to the same period of 2021 (results from the Electromobility Counter, launched by PZPM and PSPA).

As the number of electrically powered vehicles increases, infrastructure is also
developing. As at the end of December 2022, there were approx. 2,565 public charging stations available
for charging electric vehicles (5,016 points) 29% of them were fast direct current (DC) charging stations and 71% were slow alternating current (AC) chargers with a power of less than or equal to 22 kW. In December 2022, 38 new public charging stations (103 points) were launched.
The latest research from the European Automobile Manufacturers Association ACEA shows that the difference in electric vehicle sales in the EU is clearly related to the size of GDP per capita: countries with lower incomes are lagging behind. Last year, electric vehicles and plug-in hybrids accounted for 10.5% of all new cars sold in the EU. However, 10 Member

(in thousand PLN)

States still had a market share of less than 3%. This statistic clearly shows that affordability remains a major issue in their uptake.

Countries where the overall market share of EVs remains below 3% have an average GDP level of less than EUR 17,000. This is the case in the countries of Central and Eastern Europe, as well as Greece. Moreover, the five countries with the lowest share of EVs also have very few charging points - each less than 1% of the total number of charging points in the EU.

A market share of over 15% for electric vehicles only occurs in the richer Northern European countries with an average GDP of over €46,000. - As is the case with the location of charging infrastructure networks, there is a clear division, which is based on the affordability of electric vehicles between Central and Eastern Europe and Western Europe, as well as a clear North-South division. Almost three quarters of all EV sales in the EU are concentrated in the four Western European countries with one of the highest GDPs (Sweden, the Netherlands, Finland and Denmark). The remaining quarter of the sales share is distributed across 23 member countries.

In 2022, around 7.8 million electric cars were sold worldwide, roughly 10 per cent of the total new car market and almost 70 per cent year-on-year growth.

Supply sources

The Group's offer includes goods from a few hundred suppliers. These goods come from all over the world, mostly, however from the vendors from the EU and Asia. The major category of suppliers is international concerns for which the Company is one of the largest and most important customers in Central and Eastern Europe. Given the significant diversification of the supply sources, the Group is not dependent on any single supplier or a small number of suppliers – no supplier's share in the total sales revenue exceeds 10%

4. Agreements significant and material to the Company's business and insurance agreements

Significant agreements

Inter Cars has formal written agreements governing business relations with only some of the Group's suppliers. Those are in particular agreements which stipulate terms and conditions for granting additional discounts by the Group's suppliers. The agreements do not oblige the Company to generate turnover of a specified value.

Selected substantial contracts

Inter Cars is a party to agreements material to the implementation of the Group's development strategy. They include in particular agreements with the suppliers of spare parts which specify terms and conditions for granting discounts.

Generally, the agreements are entered into for one year. In the period to the reporting date, the following agreements were effective:

Party	Date of agreement
ROBERT BOSCH SP. Z O.O.	18/10/2022
SCHAEFFLER POLSKA SP. Z O.O.	19/07/2022
ZF AUTOMOTIVE SYSTEMS POLAND SP. Z O.O.	02/08/2022
ZF FRIEDRICHSHAFEN AG ZF AFTERMARKET	02/08/2022
BP EUROPA SE DIVISION IN POLAND	22/11/2022
CONTINENTAL AFTERMARKET & SERVICES GMBH	13/06/2022
VALEO SERVICE EASTERN EUROPE SP. Z O.O.	25/11/2021-for undefined period of time.
GOODYEAR POLSKA SP. Z O.O.	15/01/2013-for undefined period of time.
MANN+HUMMEL FT POLAND SP. Z O.O. SP. K.	ANNEX of 18/05/2022 to contract for undefined period of time. Of 01/01/2017

(in thousand PLN)

The material agreements for spare parts supplies concluded for an indefinite term include:

No.	Date of agreement	Side
1	04/04/2019	Facet SRL
2	02.01.2019, further ANNEX of 06/04/2022	Olsa Parts SRL
3	02.01.2019, further ANNEX of 23/08/2022	SENCOM GMBH
4	08.10.2019, further ANNEX of 03/01/2023	AIR TOP ITALIA SRL
5	02.01.2019, further ANNEX of 15/12/2022	KAWE B.V.
6	05/11/2019	MOTIP

Insurance agreements

Date of agreement	Party	Subject matter of the Contract	Material terms and conditions	Term
01/07/2022	Warta	Insurance of the Company's assets and working capital	„All in" policy: including domestic entities; all risk property insurance, electronic equipment insurance, insurance of goods in transportation (Cargo)	01/07/2022 - 30/06/2023
01/07/2022	Allianz + Chubb + Warta	Third party insurance of the Board of Management	Third party insurance of the Board D&O	01/07/2022-30/06/2023
01/07/2022	Warta	Third Party Insurance on business activity	Civil liability of the Company.	01/07/2022-30/06/2023

Foreign subsidiaries have their own insurance policies from their local markets.

Shareholder agreement

The Group is not aware of any shareholder agreements.

5. Organisational or capital links between the issuer and other entities; information on the issuer's key domestic and foreign investments (securities, financial instruments, intangible assets and real property), including equity investments outside the group, as well as a description of methods of investments financing within the Group and its entities.

Inter Cars S.A. is the parent company of the capital group comprised of the following companies, which are a subject of consolidation:

1. Inter Cars Ukraine LLC, a Ukrainian law company with registered seat in Khmelnitsky, Ukraine (100% of Inter Cars S.A.'s share in the company's capital);
2. Lauber Sp. Z.o.o with registered seat in Słupsk (100%);
3. Q-Service Sp. z o.o. with registered seat in Cząstków Mazowiecki (100%);
4. Inter Cars Ćeska Republika with registered seat in Prague (100%);
5. Feber Sp. z o.o with registered seat in Warsaw (100%);
6. Inter Cars Slovenska Republika with registered seat in Bratislava (100%);
7. Inter Cars Lietuva UAB with registered seat in Vilnius (100%);
8. IC Development & Finance Sp. z o.o. with registered seat in Warsaw (100%);
9. Armatus Sp. z o.o. with registered seat in Warsaw (100%);
10. Inter Cars Hungária Kft with registered seat in Budapest (100%);
11. Inter Cars Belgium NV (formerly JC Auto S.A.) with registered seat in Hasslt, Belgium (100%);
12. Inter Cars d.o.o. with registered seat in Zagreb (100%);
13. Inter Cars Italia with registered seat in Pero (100%);
14. Inter Cars Romania, with registered seat in Cluj Napoca (100%);
15. Inter Cars Latvija SIA , with registered seat in Mārupes nov., Mārupe (100%);
16. Inter Cars Cyprus Ltd., with registered seat in Nicosia (100%);
17. Inter Cars Bulgaria Ltd. with registered seat in Sofia (100%);
18. Cleverlog-Autoteile GmbH with registered seat in Berlin (100%);
19. Inter Cars Marketing Services Sp. z o.o. with registered seat in Warsaw (100%);
20. ILS Sp. z o.o. with registered seat in Zakroczym (100%);
21. Inter Cars Malta Holding Limited with registered seat in Birkirkara in Malta (100%);

(in thousand PLN)

22. Q-service Truck Sp. z o.o. with registered seat in Warsaw (100%);
23. Inter Cars INT d o.o., with registered seat in Ljubljana (100%);
24. Inter Cars Eesti OÜ, with registered seat in Tallinn (100%);
25. Inter Cars Piese Auto s.r.l. with registered seat in Kishinev (100%);
26. Inter Cars GREECE with registered seat in Athens (100%);
27. Inter Cars d o.o. with registered seat in Sarajevo (100%);
28. Inter Cars United Kingdom- Automotive technology Ltd. with registered seat in London (100%);
29. Inter Cars d.o.o. Beograd-Rakovica in Belgrad-Rakovica (100%);
30. Inter Cars Fleet Services Sp. z o.o. with registered seat in Warsaw (100%);
31. OOO Inter Cars Automobilna Technika with registered seat in Belarus (100% - The Company does not carry out operating activities, in 2022 the value of the shares was written off);
32. Inter Cars Norge AS with registered seat in Norway (100% - The Company does not carry out operating activities);
33. CB Dystrybucja Sp. z o.o. with registered seat in Warsaw (100% - The Company sold on 30 May 2022);
34. Inter Cars Deutschland GmbH with its registered seat in Berlin (100% - the Company does not carry out operating activities, not consolidated in 2022)
35. Inter Cars Malta Limited with registered seat in Birkirkara in Malta (100% - sub-subsidiary company);
36. Aurelia Auto d.o.o. with registered seat in Croatia (100% - sub-subsidiary company).
37. InterMeko Europe Sp. z o.o. with registered seat in Warsaw (50% - affiliated company);
38. Partslife International Kft with registered seat in Dunakeszi, Hungary (33.33% directly and 2.27% indirectly via Partslife GmBH - affiliated company).

All the companies are financed by the parent entity either by loans or by trade credit. Details of loans issued are presented in note 10 of the Report on the Operations

6. Changes in organization associations and capital associations and their results.

In the year 2022 the following organizational or capital associations were changed:

- In May 2022. Inter Cars S.A. sold 100% of its shares in CB Dystrybucja Sp. o.o.;
- in December 2022 Inter Cars S.A. acquired a company Brillant 3907 GmbH (later transformed into Inter Cars Deutschland GmbH), which will distribute spare parts and accessories for cars, buses and motorbikes on German market;

7. Information on material transactions with related entities concluded on terms other than at arm's length, including information on their amounts and nature.

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

8. Loan and borrowings

Loans and borrowings as at 31/12/2022

Current loans and borrowings at nominal value	Contractual amount (limit)	Utilization	Maturity date
Syndicated credit	**1,305,374**	**979,781**	30/11/2023
Inter Cars S.A.		932,767	
Inter Cars Slovenska Republika s.r.o.		34,541	
Lauber Sp. z.o.o.		12,473	
ING Bank N.V. (Inter Cars Romania s.r.l.)	**66,325**	**49,446**	30/11/2023
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	**38,840**	**27,594**	28/02/2023
SKB Banka (ICSI - Inter Cars INT D o.o.)	**28,139**	**13,976**	08/12/2022
Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	**46,899**	**46,289**	31/07/2023
KBC Bank Bulgaria EAD (Inter Cars Bulgaria Ltd.)	**46,899**	**42,359**	31/10/2023
	1,532,476	**1,159,445**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Utilization	Maturity date
Syndicated credit	838,814	721,814	30/11/2025
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	9,575	12,679	15/04/2024
SKB Banka (ICSI - Inter Cars INT D o.o.)	6,097	5,574	01/08/2025
	854,486	**740,067**	

Loan and borrowing agreements

Agreement no. Bank	Concluded on	Term	Limit/ loan amount	Safety devices
Syndicated loan agreement Bank Polska Kasa Opieki S.A., ING Bank Śląski S.A., Bank Handlowy w Warszawie, mBank S.A.,	14/11/2016	30/11/2023 30/11/2025	1,305,373,500 PLN 838,814,000 PLN	List of sureties was disclosed in annex number 18 to consolidated financial statement.
Raiffeisenbank AS Czech	30/09/2012	28/02/2024	200,000,000 CZK	Bank guarantee
SKB Banka (ICSI - Inter Cars INT D o.o.)	09/12/2021 02/08/2022	07/12/2023 01/08/2025	6,000,000 EUR 1,300,000 EUR	3 blank bills and corporate guarantee
ING Bank N.V. (Inter Cars Romania s.r.l.)	27/08/2014	30/11/2023	70,000,000 RON	Collateral on stocks
Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	01/08/2022	31/07/2023	10,000,000 EUR	Pledge on stock of EUR 12 million, security over receivables and funds on account with this bank; corporate guarantee
KBC Bank Bulgaria EAD (Inter Cars Bulgaria Ltd.)	27/10/2022	31/10/2023	10,000,000 EUR	Corporate guarantee
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	27/04/2021	15/04/2024	4,000,000 BAM	Corporate guarantee, 6 blank bills; cash on bank account

The credit facility bears interests at a variable rate, depending on WIBOR, EURIBOR, ESTR rate, increased by bank margins (determined at arm's length) for each individual interest period, agreed in the New Credit Facility Agreement (at arm's length).

Source of finance	Amount of credit utilisation (PLN thousand)	Interest rate
CaixaBank S.A.	99,059	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank Pekao S.A.	554,192	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank Handlowy S.A.	197,535	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Santander	187,213	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank BGŻ BNP Paibas S.A.	188,502	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
mBank S.A.	242,159	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
ING Bank Śląski S.A.	198,394	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Citibank Europe PLC Slovakia	34,541	EURIBOR 1M + bank margin
ING Bank N.V. (Inter Cars Romania s.r.l.)	49,446	ROBOR + bank margin
Raiffeisen a.s. (Inter Cars Česká respublika s.r.o)	27,594	ESTR + bank margin
SKB Banka (ICSI - Inter Cars INT D o.o.)	19,550	Short-term portion - EURIBOR 3M + bank margin, long-term portion - EURIBOR 6M + bank margin

(in thousand PLN)

Source of finance	Amount of credit utilisation (PLN thousand)	Interest rate
KBC Bank Bulgaria EAD and Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	88,648	EURIBOR 1M + bank margin
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	12,679	Bank margin
Total	**1,899,512**	

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

The credit facility was used to repay debt and to finance day-to-day operations.

No loan or borrowing agreement was terminated during the reporting period.

9. Loans granted

Loans for related entities granted by parent company	**1.1.2022 - 31.12.2022**	**1.1.2021 – 31.12.2021**
As at beginning of period	32,828	35,367
Reclassification to loans to unrelated parties	(2,001)	-
Loans granted	20,390	2,698
Interest accrued	993	427
Repayments received	(2,684)	(5,248)
Interest received	(4,697)	(412)
Balance sheet valuation	243	(4)
	45,072	**32,828**

Loan agreements

Date concluded	**Maturity date**	**Amount**	**Material terms and conditions**
09-07-2007	31-12-2023	PLN 6,750,000	Agreement on a loan from Inter Cars to finance Lauber Sp. z o.o.'s operations and business development
04-04-2013	31-12-2023	2,000,000 PLN	Agreement on a loan from Inter Cars to finance Lauber's operations and business development .
04-10-2019	31-12-2023	200,000 EUR (937,980 PLN)	Agreement on a loan from Inter Cars to finance Inter Cars d.o.o's operations and business development Beograd
30/04/2020	30/04/2023	3,200,000 PLN	Agreement on a loan from Inter Cars to finance INTER CARS FLEET SERVICES Sp z o.o.'s operations and business development.
20/12/2022	31/12/2023	4,000,000 EUR (18,759,600 PLN)	Agreement on a loan from Inter Cars to finance Q SERVICE TRUCK SPÓŁKA z o.o.'s operations and business development .
22/06/2022	31/12/2023	350,000 EUR (1,641,465 PLN)	Agreement on a loan from Inter Cars intended for running and expanding business activities of NV Inter Cars Belgium
09/06/2022	31/12/2023	480,000 NOK (214,128 PLN)	Agreement on a loan from Inter Cars intended for running and expanding business activities of Inter Cars NORGE AS

As at 31 December 2022, the balance of loans and borrowings for related entities was PLN 45,072 thousand and the total value of loans and borrowings granted to unrelated entities was PLN 8,073 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 case of EUR-denominated loans) plus a margin of 1%-5%.

Loans granted to related entities were eliminated in consolidated financial statements.

(in thousand PLN)

10. Information on sureties and guarantees granted and received in 2022 accounting year, including those granted to affiliated entities of the Issuer.

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	**401,996**	**406,085**

(in thousand PLN)

The Company holds a 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, the Police regional headquarters and the Warsaw Airport.

List of increased guaranties and sureties in the year 2022 is presented in the table below:

To	For whom?	The subject of the guarantee/surety	from	To	Value of the guarantee/surety in PLN
ICRO	Castrol	payment for deliveries	04/04/2022	31/12/2022	3,372,969.24*
ICHR	TotalEnergies Marketing CROATIA d.o.o.	payment for deliveries	27/01/2022	31/12/2022	266,170.00*
QST	FORD Otomotiv	payment for deliveries	01/08/2022	30/11/2023	487,090.00*
QST	FORD Otomotiv	payment for deliveries	01/08/2022	30/11/2023	7,228,520.00*
QST	FORD Otomotiv sanayi	payment for deliveries	18/05/2022	12/03/2023	14,703,200.00*
ICRO	Hankook Tire Budapest	payment for deliveries	16/05/2022	31/12/2022	2,462,600.00*
ICHR	Denso Europe B.V.	payment for deliveries	25/07/2022	31/12/2022	726,110.00*
Accolade PL I Sp. z o.o. (formerly PDC Industrial Center 44 sp. z o.o.	PDC Industrial Center 44 sp. z o.o. (Panatoni Lublin)	rent Lublin	2020/12/27	2024/03/31	27,447.60*
ILS Lat	SIA "P122"	rent Latvija	2022/01/27	2027/11/30	11,192,382.75
Q-S	Euro Car Parts Limited	payment for deliveries	2022/02/14	2020/12/31	16,414,650.00
ICRS	Valeo	payment for deliveries	2022/03/01	2023/12/31	1,406,970.00
ICBA	Bosch	payment for deliveries	2022/03/04	2020/31/12	93,798.00
ICRS	Raiffeisen leasing d.o.o. Belgrade	Leasing	2022/04/01	2029/04/31	3,282,930.00
ILS	Prologis Poland XXXII Sp. z o.o.	rent Wrocław	2022/05/30	2023/06/01	1,403,964.24
ILS	Prologis Poland XXXII Sp. z o.o.	rent Wrocław ASTI2	2022/05/30	2023/06/01	828,297.50
ICBG	Goodyear Romania SRL	payment for deliveries	2022/06/15	2020/12/31	9,379,800.00
ICSI	TLAKOVCI PODLESNIK d.o.o.	Leasing of HUB area	2022/08/30	2028/02/01	5,978,180.87
PDC Industrial Center 156 Sp. z o.o.	PDC Industrial Center 156 Sp. z o.o.	rent Kalisz	2020/27/12	2024/03/31	468,990.00
ICSI	SKB banka d.d.	credit guarantee	2022.07.12	2024.01.08	28,139,400.00
ICSI	SKB banka d.d.	credit guarantee	2022.08.11	2025.09.01	6,096,870.00

* in 2022 an annex signed increasing the surety value

11. Security issues

In 2022 the company did not issue securities.

12. Seasonality or cyclical nature of operations

The Group's comprehensive income is not highly sensitive to seasonal fluctuations. The Company's broad offering of spare parts includes some items whose sales depend on the season of the year, notably winter. These are items such as winter tyres, batteries, glow plugs, aluminium wheels, fuel filters as well as radiator and windscreen washer fluids. Goods that are most susceptible to seasonality and short-term sales, such as winter tyres, are ordered from suppliers several months before the expected sales peak (suppliers offer longer payment periods and higher discounts for off-season purchase of those items).

A recurring regularity is that the relatively lowest sales are achieved in Q1 of the year.

13. Evaluation of financial resources management

The following ratios are used for the evaluation of financial resources management:

- gross sales margin – gross profit on sales to net sales revenue
- sales margin – gross profit on sales to net sales revenue
- Operating margin – operating profit to net sales revenue (measures the Group's operating efficiency)
- EBITDA – net profit (loss) before amortisation, depreciation, net finance income (expenses), currency exchange differences and income tax
- Gross profit margin – profit before tax to net sales revenue (measures the efficiency of the Group's operations considering the profit (loss) on financial operations, and the extraordinary gains (losses)
- Net profit margin – the profit available to the Group after mandatory decrease of profit (increase of loss) to net sales revenue
- return on assets (ROA) – net profit to assets (measures general assets efficiency)
- return on equity (ROE) – net profit to equity (measures the efficiency of capital employed in the company)
- total debt ratio – total liabilities to total assets
- debt-to-equity ratio – total liabilities to equity
- inventory cycle – arithmetic mean of inventories at end and at beginning of period to goods for resale and materials sold, expressed in days,
- average collection period – arithmetic mean of trade receivables and other service at end and at beginning of period to net sales revenue, expressed in days
- operating cycle – the sum of inventory cycle and average collection period
- average payment period – arithmetic mean of trade payables at end and at beginning of period to cost of goods for resale and materials sold and contracted services without distribution, expressed in days
- cash conversion cycle – difference between the operating cycle and average payment period
- Current ratio – current assets to current liabilities at end of period (demonstrates the company's ability to pay short-term liabilities using current assets)
- Quick ratio – current assets less inventories to current liabilities at end of period (demonstrates the ability to quickly accumulate cash required to cover liabilities payable in a short time)
- Cash ratio – cash to current liabilities at end of period (measures the ability to cover immediately payable liabilities together with provision for deferred tax liabilities)

(in thousand PLN)

Key figures for the assessment of the **Group's** profitability are set forth in the table below.

	2022	**2021**
Net revenue from sales of goods and products	15,285,101	12,242,047
Change	*25%*	*34%*
Gross profit on sales	4,654,987	3,751,268
Sales margin	*30.45%*	*30.64%*
Operating profit	1,042,232	908,713
Operating margin	*6.82%*	*7.4%*
EBITDA	1,197,208	1,038,724
Gross profit	925,800	877,242
Net profit	745,698	699,580
Net profit margin	*4.88%*	*5.7%*
Balance sheet total	8,005,541	6,282,666
ROA	*9.31%*	*11.14%*
Non-current assets	1,450,241	1,183,296
Equity attributable to the shareholders of the parent entity	3,815,725	3,089,684
ROE	*19.54%*	*22.6%*

In total, **selling costs and administrative expenses** increased by 26.3% on the 2021 figure. The greatest-value item under the Group's operating costs is **distribution services**, that is the affiliate branch's share in the generated margin. Together costs of distribution in 2022 reached PLN 1,529,288 thousand, i.e. 41.7% of total costs by type.

The chart below presents the structure of costs **by type**:

	2022	**2021**	**change**
Amortization and Depreciation	154,976	130,011	19.2%
Materials and energy used	266,145	205,838	29.3%
Outsourced services, including:	2,608,851	2,084,207	25.2%
distribution services	1,529,288	*1,242,393*	23.1%
other services	1,079,563	*841,814*	28.2%
Taxes and fees	16,102	12,361	30.3%
Payroll	397,311	327,674	21.3%
Social insurance and other benefits	88,942	69,397	28.2%
Other costs by type	137,785	117,130	17.6%
Total costs by type	**3,670,112**	**2,946,618**	24.6%

Total **costs by type** in 2022 increased by 24.6% as compared to 2021.

Other services costs increased by 28.2% compared to previous year. The main reason for the increase in the cost of services is the sales dynamics caused by both the increase in volumes and the translation of inflation into unit sales prices.

The total costs of sale and administration in 6 months of 2022 went up by 0.2% to 13% compared to the same period of 2021, when it was on the level of 12.8%).

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.

(in thousand PLN)

Financial revenues and costs include primarily costs and revenues due to interest. In 2022 in particular, the Group sustained costs on this account in the amount of PLN 127,815 (respectively PLN 38,509 in 2021). The increase in interest expenses was related to both the increase in loan debt and the increase in WIBOR and other indicators, which are the basis for interest calculation for banks. **Liabilities resulting from credits, loans, debt securities and finance lease** as at 31 December 2022 amounted to PLN 2,334,223 thousand.

Income tax expense includes accrued income tax in the amount of PLN 188,140 thousand, as well as a change in assets and deferred tax liabilities, decreasing the income tax payable for the period by PLN 8,038 thousand.

Financial revenues include, first of all, revenues under interest (under funds on bank accounts, under loans and receivables past the expiration date). **Financial costs** comprise primarily the costs of interest on loans and borrowings. **Foreign exchange gains (losses)** are presented under two items of the statement of the total income: the part corresponding to the realised and unrealized foreign exchange gains (losses) on settlements of trade payables in foreign currencies is presented as an adjustment to the cost of goods for resale sold, and the balance is presented as a separate item of the statement.

Working capital needs and investments in property, plant and equipment are financed solely with the generated profit, proceeds from bank loans, and finance leases.

The value and structure of the working capital and **working capital** requirement are set forth in the table below

	2022	**2021**
Current assets	6,555,300	5,099,370
Cash and securities	357,190	240,665
Short-term liabilities	2,792,988	2,117,050
Current loans, borrowings and finance lease liabilities	1,247,930	698,021
Adjusted current assets [A]*	6,198,110	4,858,705
Adjusted current liabilities [B]**	1,545,058	1,419,029
Net working capital [A-B]	4,653,052	3,439,676

*[A] Current assets less cash and cash equivalents

**[B] Current liabilities less current liabilities for loans, borrowings and finance lease

Net working capital engaged increased by about 35%

	2022	**2021**
Inventory cycle in days	124	115
Average collection period in days	44	43
Operating cycle in days	168	158
Average payment cycle in days	36	36
Cash conversion cycle in days	132	122
Current ratio	2.35	2.41
Quick ratio	0.88	0.94
Cash ratio	0.13	0.11

Debt ratios of the Group are presented in the following table.

	2022	**2021**
Total debt ratio	0.52	0.51
Debt-to-equity ratio	1.10	1.03

(in thousand PLN)

The Group's operations are funded with the Group's internally generated funds and bank loans. As at the end of 2022, loans, borrowings, debt securities and finance lease liabilities total of PLN 2,334,223 thousand, and the **total debt ratio** amounted to 0.52 compared to 0.51 in 2021.

Debt-to-equity ratio went down compared to 2021 and equals 1.10.

Inter Cars meets its liabilities as they fall due and the Management Board believes that are no facts or circumstances that may represent a threat to such timely meeting of Inter Cars' liabilities.

	2022	2021
Net cash from operating activities	(98,362)	33,778
Net cash from investing activities	(165,657)	(82,269)
Net cash from financing activities	380,544	55,349
Cash and cash equivalents at the end of the period	357,190	240,665

In 2022, cash flow generated from operating activities decreased by approximately PLN 132 million mainly due to an increase in inventories resulting from high stock levels.

Cash generated on investment activities had negative value, because of purchase of fixed assets needed for operational activity and purchase of intangible fixed assets.

The cash flows from financing operations were impacted by an increased use of the syndicated loan.

Key figures for the assessment of the **Company's** profitability are set forth in the table below.

	2022	2021
Net revenue from sales of goods and products	10,326,349	8,383,755
Change	*23%*	*32%*
Gross profit on sales	2,632,793	2,140,804
Sales margin	*25.50%*	*25.54%*
Foreign exchange gain/loss	(2,020)	3,419
Operating profit	647,814	551,466
Operating margin	*6.27%*	*6.58%*
EBITDA	686,455	584,466
Gross profit	653,559	591,195
Net profit	542,599	482,162
Net profit margin	*5.25%*	*5.75%*
Balance sheet total	6,237,170	4,912,877
ROA	*8.70%*	*9.81%*
Non-current assets	963,636	938,813
Equity	2,775,018	2,252,538
ROE	*19.55%*	*21.41%*

Gross sales profit was 23.0% higher than in 2021.

In total, **selling costs and administrative expenses** increased by 35.6% on the 2021 figure, without distribution cost and licence fees. The greatest-value item under the Company's costs is **distribution services** , that is the affiliate branch's share in the generated margin. In 2022, the total distribution costs amounted to PLN 732,951 thousand i.e. 36.92% of the total costs by type, and were 17.5% higher than in previous year.

Operating Result in 2022 was higher than in 2021 by 17.5%.

EBITDA margin in 2022 was running at the level of around 6.65% (in 2021: 6.97%)

(in thousand PLN)

The chart below presents the structure of costs **by type**:

	2022	2021	Change
Amortization and Depreciation	38,641	33,000	17.1%
Materials and energy used	31,881	23,046	38.3%
Outsourced services	1,698,037	1,327,079	28.0%
including: distribution service	732,951	623,994	17.5%
Taxes and fees	50,508	41,346	22.2%
Payroll	122,309	91,195	34.1%
Social insurance and other benefits	22,195	15,318	44.9%
Other costs by type	21,914	20,461	7.1%
Total costs by type	**1,985,485**	**1,551,445**	**28.0%**

Finance income primarily includes interest income (from funds deposited in bank accounts, loans advanced, and past due receivables).

Financial costs comprise primarily the costs of loans. In 2022, the interest expense amounted to PLN 103,629 thousand (PLN 22,847 thousand in 2021). The higher interest costs were due to the increase in interest rates related to the situation in financial markets around the world.

Foreign exchange gains (losses) are presented under two items of the statement of the total income: the part corresponding to the realised and unrealized foreign exchange gains (losses) on settlements of trade payables in foreign currencies is presented as an adjustment to the cost of goods for resale sold, and the balance is presented as a separate item of the statement. Total exchange rate differences presented in both positions in the year 2022 were negative and amounted to PLN (8,087) thousand. In the year 2021 there were negative exchange rate differences amounting to PLN (21,515) thousand..

Working capital needs and investments in property, plant and equipment are financed solely with the generated profit, proceeds from bank loans, and finance leases.

The value and structure of **the working capital** and working capital requirement are set forth in the table:

	2022	2021
Current assets	5,273,534	3,974,064
Cash and cash equivalents	75,173	25,494
Short-term liabilities	2,568,870	1,920,846
Short-term loans, borrowings, debt security and finance lease liabilities	1,051,062	593,772
Adjusted current assets [A]	5,198,361	3,948,570
Adjusted current liabilities [B]	1,517,808	1,327,074
Net working capital [A-B]	3,680,553	2,621,496

*[A] Current assets less cash and cash equivalents

**[B] Current liabilities less current liabilities for loans, borrowings and finance lease

Net working capital engaged increased by about 40.40%

	2022	2021
Inventory cycle in days	98	89
Average collection period in days	87	82
Operating cycle in days	185	171
Average payment cycle in days	55	53
Cash conversion cycle in days	130	118
Current ratio	2.05	2.07
Quick ratio	1.12	1.15
Cash ratio	0.03	0.01

(in thousand PLN)

The Company's operations are funded with the Company's internally generated funds and bank loans. In total, at the end of 2022, liabilities on credits, loans, debt securities and finance lease amounted to PLN 1,794,738 whilst in 2021 PLN 1,182,783.

Total debt ratio in 2022 amounted to 0.56 and was higher, compared to ratio in 2021. Debt-to-equity ratio in 2022 amounted to 1.25.

Debt ratios are presented in the following table.

	2022	2021
Total debt ratio	0.56	0.54
Debt-to-equity ratio	1.25	1.18

Inter Cars meets its liabilities as they fall due and the Management Board believes that are no facts or circumstances that may represent a threat to such timely meeting of Inter Cars' liabilities.

The structure of **cash flows** is presented in the following table.

	2022	2021
Net cash from operating activities	(377,410)	(85,167)
Net cash from investing activities	33,567	35,998
Net cash from financing activities	393,522	55,584
Cash and cash equivalents at the end of the period	75,173	25,494

In 2022, cash flow from operating activities was negative. It was mainly due to increase in value of inventories and short-term receivables.

The value of funds generated on investment activity was positive thanks to dividends received, repayment of loans and borrowings and proceeds from the sale of plant, property, equipment and intangible assets.

The cash flows from financing operations were impacted by an increased use of the syndicated loan.

14. Assessment of investment project feasibility

In 2022, expenses toward purchases and modernization of plant, property and equipment amounted to PLN 177,118 thousand. (In 2021 - PLN 83,129 thousand). Expenses were mostly incurred toward the purchase of replacement assets.
In 2022, the Group's investments were financed from its own funds and open credits.

15. Extraordinary factors and events with a bearing on the Company's performance

The consolidated EBITDA for 12 months cumulatively for the period ended on 31 December 2022 was PLN 1,197,208 thousand (PLN 1,038,724 thousand in 2021).

The revenues of Inter Cars at home accounted for approx. 41.7% of the total revenues of the Capital Group (taking into account consolidation exclusions). The overseas companies account for approximately 49.6% of the Group's distribution activity. The Polish market remains the basic sales market for the Capital Group.

16. External and internal factors important to the Group's development

Internal factors

The Management Board believes that the following are major internal factors that affect the current and future financial performance:

(i) sales network development – it results in an increase in the number of affiliate branches and development of business contacts with end customers (garages);

(ii) ability to select the correct development strategy in the competitive and evolving market – it determines the Group's long-term growth potential in the market characterised by intense competition and changes in the spare parts distribution model, which result from the introduction of new regulations by the European Union and revisions of the operational strategies by vehicle and spare parts manufacturers;

(iii) development of loyalty schemes – launch of new and development of the existing schemes, which determine the Group's potential to enhance customer loyalty and, in effect, increase the Group's sales volume and value on the markets;

(iv) focus on a targeted product group and area of operations – a focused development strategy, enabling the Group to fully harness its potential and engage in the areas where it has the greatest competence;

(v) market knowledge – the ability to reach end customers effectively, which, thanks to the relevant experience and state-of-the-art sales support methods, gives Inter Cars Group a significant competitive edge;

(vi) development of sales support tools – continual introduction of tools and solutions that enhance customer service quality, in particular the launch of the IC-Katalog software, already used in Poland, in local language versions in the Czech Republic, Slovakia and Hungary;

(vii) qualified staff - one of the key factors behind the ability to maintain and further improve the competitive position of the Group entities;

(viii) efficiency of the goods logistics system – which translates into the ability to continuously optimise the existing processes and launch new solutions that, on the one hand, facilitate effective control and reduction of goods turnover costs in the expanding network, and on the other improve supply efficiency in the growing sales network with a very broad offering of goods;

(ix) efficiency of the IT system – a precondition to maintain the system's full capacity both to support goods turnover and to provide the information that is essential to manage the Group and meet its disclosure obligations.

External factors

The Management Board believes that the following are major external factors that affect the current and future financial performance:

(i) macroeconomic situation – it determines the scale of business activity and thus the employment rate in the national economy and the population's incomes, which translate into the current and future capacity of potential customers to purchase vehicles and cover the cost of their operation and repair;

(ii) macroeconomic situation in Ukraine, the Czech Republic, Slovakia, Romania, Bulgaria, Lithuania and Latvia – the level of spending on vehicles depends on incomes of the population and of businesses, and influences the size of the spare parts markets in those countries, and the Group's sales on those markets;

(iii) *EURO/PLN and USD/PLN exchange rate fluctuations* – which affect prices of goods offered by the Company and, indirectly, its financial performance;

(iv) greater customer loyalty – it results from smaller diversification of supply sources for garages, and translates into growing number and value of orders from customers, and reduced risk of a sharp decline in sales;

(v) development of independent garages – which are the Group's key customer group, and which face important challenges in view of the need to adapt to growing market requirements resulting from the increasing complexity of vehicle repairs;

(vi) changes to the distribution structure following changes in the European Union's legislation – for the Group they pose major challenges and offer opportunities to gain access to a group of customers who purchase spare parts exclusively from vehicle manufacturers; they also give independent garages access to technical information of vehicle manufacturers on equal rights with licensed garages , and thus remove material barriers to independent garages' development, which enhances growth opportunities for the independent repair services sector – the primary customer segment of the Group;

(vii) changes in the spare parts demand structure resulting from changes in car manufacturing technologies – they are expected to drive growth in demand for relatively more expensive car components and increased requirement for garage equipment;

(viii) car sales volume – it determines the demand for spare parts in the medium and long term, by affecting the number of vehicles used in the countries where the Group is present;

(ix) used car imports volume – which, in combination with sales of new cars, is the decisive factor behind the growth in the number of registered vehicles, and, consequently the demand for repair services and spare parts; the volume of used car imports, owing to their age and mileage, will more quickly drive the growth in demand for parts, but will also affect the structure of global demand, by increasing the demand for relatively cheaper parts, and, in the event of new cars being replaced by used cars to a significant degree, by causing a drop in demand from garages for workstation equipment;

(x) competition in the industry – which requires a continuous improvement in the Company's competence in terms of sales organisation, sales support mechanism, offered range of products and affiliate branch locations;

17. Risk and hazard factors, with specification of the degree of the issuer's exposure

Risk of changes in the discount policies of spare parts manufacturers

An important item that has a bearing on the Group's financial results is discounts offered by spare parts manufacturers. The discount policies favour those customers who generate substantial purchase volumes. Any changes to the policies that involve a reduction or complete abandonment of the discounts would result in a marked deterioration in the Group's performance.

The Management Board believes such a scenario is highly unlikely and the Group as a major customer can count on at least equally favour able discount terms in the future. A potential abandonment of discounts would probably lead to lower purchase prices and higher selling prices, so the Group's margin would be maintained given the Group's purchasing power and fairly easy substitution of the supply sources.

Risk related to adoption of an incorrect strategy

The market in which the Group operates is constantly evolving, and the direction and pace of the changes depend on a number of factors, which are often mutually exclusive. Therefore, the future position of the Group, and hence its revenue and profit, depend on its ability to develop a strategy that proves effective in the long term. Any incorrect decisions resulting from misguided judgements or the Group's inability to adapt to the rapidly changing market environment may adversely impact financial performance.

To minimize risk of such hazard, a continuous current analysis is conducted of all the factors determining the selection of strategy in two perspectives: short term, including terms of supply, and long-term, including strategy of creation and development of sales network so as to ensure maximally precise determination of the direction and nature of changes in the market environment.

Risk related to changes in the demand structure

The Group maintains certain stock levels for a broad range of products. Purchases made by the Group are a function of the perceived market demand for specific product groups, and, as such, are susceptible to the risk of faulty market analysis or changes in the demand structure. Potential changes in demand, in particular a rapid decline in demand for specific product groups that were purchased by the Group in large quantities, may entail substantial losses to the Group, resulting from working capital being tied up or from the need to apply high discounts.

The Management Board believes that this scenario is unlikely owing to the prevalence of linear demand change trends with respect to the Company's goods. Further, the Group pursues an active working capital management policy , the effect of which is low stock levels (in terms of value) for individual products (products are sourced from manufacturers that ensure execution of orders in a relatively short time). To note, the Group's offering does not include parts for vehicles manufactured in the former Eastern Bloc, whose production has been discontinued, which eliminates the risk of funds being tied up in stocks of spare parts for vehicles representing a diminishing market segment.

Risk related to seasonal sales

The Group's comprehensive income is not highly sensitive to seasonal fluctuations. The Company's broad offering of spare parts includes some items whose sales depend on the season of the year, notably winter. Goods that are most susceptible to seasonality and short-term sales, such as winter tyres, are ordered from suppliers several months before the expected sales peak, as a result of which, in the case of extremely adverse weather, the sales of seasonal goods may actually be lower than expected, which may have a negative bearing on the financial performance of the Group.

Risk related to bank loans

Bank loans are an important source of funding for the Group's operations. As at 31 December 2022, the Group's debt under bank loans and finance leases amounted to PLN 2,334,223 thousand, and the total financial costs of servicing them (interest) reached PLN 99.2 million. Loans raised by the Group are variable-rate loans, so a potential marked increase in interest rates, translating into higher reference rates for the loans, would – through higher finance expenses – reduce the Company's profitability and limit its capacity to generate funds to finance further development and, in extreme cases, could even threaten its liquidity. Another risk factor associated with bank financing is the risk of a bank's refusal to extend or grant lines of credit. Any reduction in the Company's ability to fund its business with bank loans resulting from a termination of or refusal to extend some of the agreements would have a material adverse effect on the Company's development prospects, its liquidity and financial performance.

Risk of an affiliate branch operator engaging in competitive activity

If an operator whose branch operation agreement has been terminated (by the operator or the Group) engages in a competitive activity involving the take-over of relations with customers, this may have a material adverse effect on sales in the region concerned.

In order to mitigate the risk, the agreements concluded with branch operators provide for high cash penalties in the event they engage in competitive activity after the agreement is terminated.

Risk related to the IT system

The Company's operating activities rely on smooth operation of the on-line IT system. Any problems with its correct functioning could result in lower sales volumes, or even disrupt sales altogether. This would have a negative impact on the Group's financial performance.

In order to prevent the scenario from happening, the Group has launched appropriate emergency procedures to be followed in case of system failure, including rules for creating backup copies and data retrieval, an emergency server (with the necessary network elements) and emergency communication links.

We care for cyber-security of the Group (we have improved the system of cyber protection against hacker attacks). We have successfully implemented GDPR and proper data protection.

Risk related to independent garages' inability to adapt to market requirements

Given the growing complexity of assemblies in new cars, there are higher requirements on their operation and repair, both in terms of mechanics' knowledge and training, and workstation equipment needed. Independent garages are therefore under pressure to improve their qualifications and invest in equipment to have the capabilities to service new car models. Insufficient capabilities development by independent garages will shrink the Group's sales market and will have a negative impact on its financial performance.

The Management Board believes that those adverse factors will be counterbalanced by the continuously growing involvement of spare parts distributors and manufacturers in the furnishing and financing of the furnishing of independent garages, the possibility of close collaboration between licensed and independent garages, and the right of all parties to access technical information available from vehicle manufacturers on equal rights (under the new regulations), which facilitates the transfer of know-how to independent garages. In the longer perspective, it can be expected that those independent garages that cannot cope with the challenges will be eliminated, while those that have the best resources will grow, which will in fact strengthen the independent garages segment, despite the likely short-term negative changes to its size. Further, greater imports of used cars to Poland following its accession to the European Union strongly stimulated the demand for cheap and small garages, thus enabling their further growth and accumulation of the necessary knowledge and capital.

Risk that major foreign wholesalers of spare parts may enter the Polish market

The market of independent automotive spare parts distribution in Poland is dominated by Polish-owned entities. The size of the market and its good prospects indicate a growing probability that it may be entered by foreign distributors, which, by offering more attractive terms of spare parts purchase, may take up a significant share of the market. The resultant competitive pressure will adversely impact the Group's performance, and in extreme cases may significantly limit its development potential, or even result in a drop in revenue and profit. Another risk resulting from the possible entry into the Polish market of major foreign distributors is the loss of strategic suppliers, for whom certain foreign distributors may be bigger customers.

The Management Board believes the risk is not material. Potential expansion into Poland may take place primarily through acquisitions of the existing entities, therefore a rise in the competitive pressure is not likely to be significant, although it may reduce the average margin.

In view of the above, the Management Board will strive to increase sales value in a steady and dynamic manner, so that the profit level can be maintained notwithstanding a potential decline in the margins. Further, the likelihood of Inter Cars losing the possibility of making purchases from certain strategic suppliers as a result of the presence of foreign entities in the Polish market which are distributors of those manufacturers' products in other countries is limited, as spare parts manufacturers seek to diversify their customer base.

Risk related to customer base diversification by spare parts manufacturers

An important element in spare parts manufacturers' sales strategies is diversification of their wholesale customer bases, which limits the possibility of increasing market shares by individual distributors (including the Group). The Management Board believes that the maximum share in the Polish market that the Group is able to secure (in the segment of independent garages) is 25 to 30%. After this level is achieved, further revenue growth will be possible only through the entire market's increase in value, and if this is the case the Group's revenue will be more sensitive to changes in the market environment, and the possibility of growth through market consolidation will be very limited.

The Management Board is taking steps to develop an operational model that allows the Group to continuously expand its product range, including through the development of new segments, such as provision of garage equipment, fleet management, construction of semi-trailers, etc. Moreover, a counterbalance for expectations of limitations on Polish market is development of business activities, especially in Ukraine, Czech, Slovakia, Croatia, Hungary, Lithuania, Latvia, Italy, Belgium, Romania, Germany, Bulgaria, Slovenia, Estonia, Moldova, Greece and Bosnia and Herzegovina.

Risk related to car manufacturers taking over spare parts production

Although access to spare parts manufactured by vehicle manufacturers is available to all potential buyers, the terms of purchase from such manufacturers would most likely be less advantageous than the terms of purchase from such specialised spare parts producers as exist under the current system, i.e. production of parts for the initial assembly and for the aftermarket by the same manufacturers. Additionally, a change to the existing spare parts production model would reduce the value of the segment of original spare parts supplied by spare parts manufacturers. This would have a material adverse effect on the Group's financial performance.

However, owing to the high degree of specialisation in developing and producing spare parts (which also implies the ability to offer competitive prices), the Management Board believes the scenario to be unlikely.

Risk related to spare parts manufacturers taking over the independent spare parts distribution network

Any acquisitions of independent spare parts distributors by those spare parts' manufacturers could entail significant changes to the distribution model with respect to spare parts offered by the individual entities, involving limitation of their sales to other networks, including the Group. In such a case the Group could lose certain supply sources, which would limit the size of its offering and undermine its competitive position.

However, as spare parts manufacturers seek to diversify their customer base, and are fairly easy to substitute, the Management Board believes that this risk factor should not pose a material threat to the Group's market position and its financial performance.

Risk related to the macroeconomic situation

The recent macroeconomic indicators prove that both the Polish economy, as well as the economies of the Euro-zone countries, is slowing down. The global economic centres have reduced the economic growth forecasts for Europe. The uncertainty related to the global GDP growth is additionally fuelled by the protectionist policies of the USA (including potential sanctions on certain economic sectors of the Euro-zone). A deterioration of the economic situation in the Euro zone and, indirectly, also in Poland, could have a negative effect on the Group's results.

Risk related to economic policy in Poland

Economic, fiscal and monetary policies in Poland largely determine the growth rate of the domestic demand, which indirectly impacts the volume of the Group's sales, and thus its financial performance. A threat to the Group's performance comes from changes that limit domestic demand, resulting in the risk of failure to achieve the assumed objectives and introducing material uncertainty with respect to long-term Group development planning in view of a possible reduced interest of potential buyers in the Group's products.

Similar threat to the Group's performance comes from the changes in economic, fiscal and monetary policies in the countries where the Group operates, i.e. in Ukraine, Czech, Slovakia, Hungary, Lithuania, Latvia, Italy, Belgium, Romania, Germany, Bulgaria, Slovenia, Estonia, Moldova, Greece , Serbia and Bosnia and Herzegovina.

The increasingly stricter requirements on the part of the regulatory authorities regarding, among other things, Audit Committees and financial reporting, including external audit monitoring, increase the costs and the legal risk.

Risk related to the foreign customers structure

The vast majority of export sales are to small foreign customers, which arrange for the transport of the purchased goods from Poland themselves. Most of these recipients come from Ukraine, due to which a substantial part of sales of the Group is exposed to risk typical of recipients' country, such as: changes in volume and structure of the market of spare parts, changes in the purchasing power of the population, stability of economic and political systems in those countries. Adverse developments in those countries, resulting in reduced or abandoned purchases, would adversely affect the Group's financial performance.

Risk related to activities regarding remanufacturing of spare parts

The risk associated with these activities covers, above all: risk related to failures of IT solutions supporting control and management, the risk associated with the need to maintain high stock of production materials and, at the same time, the risk associated with their impairment in the case of changing customer preferences or growing competitive pressure by other entities, the risk associated with activities based on the system of orders without permanent contracts with key recipients as well as the risk related to a permanent increase in competitive pressure, including from manufacturers of cheap parts (Far East).

Risk related to development of the subsidiaries

Subsidiaries are established in countries where there are reasons to expect a satisfactory rate of return on the capital employed. In practice, the parent entity invests substantial funds in the development of operations in entirely new markets, having different characteristics in terms of important operational aspects. The consequent risk run by such investments is relatively greater than it would be if the funds were invested in further development of the operations in Poland, where the parent entity has the greatest competence, resources and position.

To mitigate this risk, the parent company employs experts with local market knowledge, and makes the necessary feasibility studies and assessments of risks inherent in launching operations in a new market. At the same time, by increasing the geographical reach of its operations, the parent company is able to diversify the risk of operating in a single country, in particular Poland.

The risk of digitisation

Nowadays digitisation and robotization are very important for the development of the company, implementing solutions which digitise processes, "big data" and the use of technology in business and finance. It is very important to follow technological development and keep up with the changing business environment.

Climate risk

Extreme weather events associated with climate change and rising global temperatures - including floods, hurricanes and droughts - are critical to global security, as well as the operational activities of many companies and the global economy as a whole. Both physical changes to our environment and efforts to meet global decarbonisation targets will require economic transformation, led by fundamental business model change.

Climate-related risks are analysed both, in terms of the impact of climate change on the business and the impact of the business on climate change. The Group identifies two types of climate risk

- Physical risk - associated with the impact of extreme weather events leading, for example, to damage to infrastructure or disruption to the supply chain,
- transition risk - arising from the need to adapt operations to gradual climate change, in particular the use of low-carbon solutions. This risk may materialise, i.e., through the need to adapt to new regulations and technological changes, but also market risk arising from disruption to the current structure of demand and supply of electricity, natural resources, products and services provided.

Environmental risk

Environmental risk is the likelihood of adverse changes in the environment or long-term negative effects of these changes resulting from negative environmental impact.

Environmental risk may be caused by natural, anthropogenic and man-made emergencies.

The Group analyses the impact of its activities on the environment, including risks of new pollutants, product liability, waste management and changes in legislation.

Employee risk

The risk relates to the difficulty of attracting or retaining competent and experienced employees to ensure the ability to achieve strategic objectives. Recent years have shown that the labour market in Poland, as well as in Europe, is transforming. There is often a shortage of qualified specialists in niche industries. This is an important issue, which requires employers to be flexible and proactive in attracting and retaining employees with the right competencies.

Risk of escalation of hostilities

Escalation of hostilities in Ukraine could negatively affect Europe's macroeconomic situation and, in particular, translate into:
- an energy crisis caused by disruptions in the supply chain of energy raw materials
- reduced supply of raw materials necessary for the production of spare parts
- an increase in the prices of energy, materials and production and service costs
- an increase in financing costs as a result of increased interest rates
- weakening of the PLN exchange rate against the EUR and USD

As a consequence, the above-mentioned factors may lead to a general economic slowdown in Europe

18. Strategy and Future Development Prospects

Inter Cars S.A. Group's strategy of development is based on several key elements:

1. Product range development

   Inter Cars already offers the widest range of automotive parts in Europe. However, with a focus on the continuous development of the product range, the company is constantly introducing new and developing existing product lines and adapting them to the market expectations with regard to quality of parts, prices and technical support from parts manufacturers.

2. Development of distribution network in Poland and abroad.

   Inter Cars has 618 branches, 244 of them in the country. The Company provides organizational and logistic knowledge, capital, IT Systems, full product range and its availability and trade mark. The strategic aim is to continually develop the distribution network that has been built up so far and is working so effectively.

3. Logistics

   Inter Cars has been building up its competitive advantage also by improving its supply chain and logistics. Within Inter Cars there is a specially dedicated company, ILS sp. z o.o. (ILS), which acts as a specialised logistics entity. Its task is to organise the flow of goods from manufacturers to Inter Cars branches.

4. Development of partnership programmes.

   Partnership programmes add value to the range of goods on offer, such as garage equipment programmes, trainings, technical service, development of IT systems to support sales and the ongoing development of the Motointegrator Partner garage chains (Q-Service Castrol, parts manufacturer chains such as Bosch Car Service, Premio) and Q-Service Truck.

5. Development of Motointegrator.pl and fleet programme.

   Motointegrator is a platform that helps drivers find a solution to their car problem at a professional garage recommended by Inter Cars. The priority is to develop the parts sales with service (s-commerce) pillar. The aim is to steadily increase the volume of sales to both retail and fleet customers of the service they need and direct them to a garage recommended by Inter Cars.

The Group has introduced a new platform for B2B customers in the 18 countries where Inter Cars operates. The platform is planned to be launched in Norway at the beginning of 2023 and in Germany in the middle of the year. In Poland, on the other hand, full implementation will be completed in the first half of 2024. The platform is already used by 120,000 customers across Europe and 5,000 Inter Cars employees. The platform records 7 million logins per month.

The new, uniform e-commerce system will make it possible to optimize the cost of sale, and will also speed up implementation of innovations for new markets, such as new B2C and B2B2C sales models.

A challenge shall also be implementation of segment strategy outside Poland, which should make it possible to realize dynamic growth not only in core segment of passenger cars, but also in other segments, such as heavy goods vehicles, tires, garage equipment, etc.

The strategy is realized by all companies of the Group.

(in thousand PLN)

One-Stop-Shop

The idea of our strategy is heading towards the one-stop-shop model. This applies not only to continuous development of Company's product range, but also development of partner programmes, which are a substantial added value for the key customers. Besides the sale of automotive spare parts and accessories, we are delivering to garages also the necessary tools and garage equipment. As a part of after-sales activities we are organizing trainings and offer comprehensive services, helping garages in their activities. Using Motointegrator and Motointegrator Fleet projects we are also redirecting drivers to our trade partners.

In May 2021, the Inter Cars Foundation was established as part of the implementation of the Inter Cars SA sustainable development strategy. Its mission is to support the development of accessible, safe and responsible mobility for people and the climate.

Through our original programmes and partnerships we export innovations and values which are the basis for Inter Cars development - passion and commitment, partnership, credibility, loyalty and leadership by example.

Wishing to make a significant and lasting change, the Foundation team works on programmes created in partnership and dialogue with experts from the four business areas.

1. We are committed to **developing the competences of the future**, essential for society and an innovative economy, including in the area of mobility and the automotive industry.
2. We promote **care for the environment**, particularly in the area of mobility.
3. We are active in the **area of healthcare**, responding to social problems linked to mobility.
4. We support measures to improve **road safety**.

19. Changes in key principles of managing the Group

In the reporting period, the Group did not implement any changes in the key principles of management of the Group's business.

20. Agreements concluded between the Company and the management staff

As at 31 December 2022, there were no agreements in force between the issuer and the management staff, other than the Non-Competition Agreement further described in note 21.

21. Remuneration of executives

On 8 June 2020, the Ordinary General Meeting of Shareholders adopted the policy of remuneration of the Members of the Management Board and the Supervisory Board.

The remuneration is presented using accrual and cash method (paid out plus due bonus)

Remuneration of the members of the Supervisory Board (in PLN)

	01/01/2022-31/12/2022	**01/01/2021-31/12/2021**
Andrzej Oliszewski – Chairman of the Supervisory Board	207,120	141,600
Jacek Podgórski – Member of the Supervisory Board	152,000	96,000
Radosław Kudła – Member of the Supervisory Board	152,000	96,000
Piotr Płoszajski– Member of the Supervisory Board	171,000	108,000
Jacek Klimczak – Member of the Supervisory Board	76,000	48,000
Tomasz Rusak – Member of the Supervisory Board	76,000	48,000
	834,120	**537,600**

(in thousand PLN)

Remuneration of the members of the Management Board (in PLN)

	01.1.2022-31.12.2022	01.1.2021-31.12.2021
Maciej Oleksowicz – President of the Management Board	4,375,582	3,703,000
Krzysztof Soszyński – Vice-President of the Management Board	4,345,400	3,704,800
Wojciech Twaróg - Member of the Management Board	4,376,782	3,677,799
Piotr Zamora – Member of the Management Board	4,376,782	3,682,802
	17,474,546	**14,768,401**

Remuneration of other members of the Key Management Personnel (in PLN)

	01.1.2022-31.12.2022	01.1.2021-31.12.2021
Other members of Key Management Personnel	8,240,460	6,171,929
	8,240,460	**6,171,929**

The remuneration of Key Management Personnel presented in this note includes the amounts of benefits paid and payable during the period.

The Group's Key Management Personnel include the members of the Board of Directors and the Supervisory Board of the parent company as well as other Key Personnel.
Key Personnel are those persons with authority and responsibility for planning, directing and controlling the Group's activities, directly or indirectly.

Total remuneration of the members of the Management Board, in 2022 amounted to PLN 17,216,339.

On 26 June 2017, the Company's Supervisory Board passed a resolution adopting an Incentive Scheme for the members of the Company's Management Board. It became effective as of the beginning of the financial year of 2017 and shall remain in force until repealed. The scheme has the form of an additional remuneration payable to the members of the Company's Management Board for performing their duties (hereinafter referred to as "the Cash Bonus"). The Cash Bonus is calculated as a percentage of the consolidated net profit of the Inter Cars S.A. Capital Group.
The Cash Bonus is granted following the approval by the Ordinary Shareholders Meeting of the Company of the consolidated financial statements of the Inter Cars S.A. Capital Group for a given financial year.

Information on agreements concluded between the Company and the management staff members, which would provide for a compensation to the management staff members in case they resign or are dismissed without a good reason or in case they are removed or dismissed due to the Company being merged with another company by way of an acquisition.
The non-competition agreements entered into with the members of the Management Board and approved on 26 June 2017 by virtue of a resolution of the Company's Supervisory Board (hereinafter referred to as "the Agreements") regulate the issues related to refraining from engaging in activities competitive to those carried out by the Company following ceasing to perform the duties of a member of the Management Board in return for a compensation. During the term of the non-competition period, i.e. 12 months of the date of ceasing to perform the duties of a member of the Management Board, the members of the Management Board are entitled to a compensation of 80% of twelve times the average monthly remuneration paid or payable to a member of the Management Board by the Company or entities from the Inter Cars S.A. Capital Group during the 36 months immediately preceding the date of ceasing to perform the said duties ("hereinafter referred to as "the Base"), calculated in conformity with the said Agreements.
Furthermore, the Agreements provide for an additional severance pay in the event of a dismissal of member of the Management Board or in the event of such member not being appointed for a subsequent term of office during a period of 24 months of the date of a hostile takeover or a change of control. In such cases, a member of the Management Board is entitled to e severance pay of 60 times the Base in the event of a hostile takeover,

(in thousand PLN)

and 12 times the Base in the event of a change of control. According to the Agreements, a hostile takeover refers to a situation where an entity other than a shareholder, holding as at the date of signing the Agreements at least twenty-five percent (25%) of the Company's stocks, controlling entities of such shareholder, subsidiaries of such shareholder or subsidiaries of entities controlling such shareholder or their legal successors (hereinafter referred to as "the Key Shareholder"), acquires, directly or indirectly, at least thirty-three percent (33%) of the Company's total stock without the consent of the Key Shareholder or another entity to which the Key Shareholder sells the shares it holds in the Company. According to the Agreements, a change of control refers to a situation where a direct or indirect share of any Key Shareholder in the total number of the Company's shares decreases below five percent (5%).

Information on shares

Company shares and Shares in related entities held by the management and supervisory Staff.

As at 31/12/2022

The Company's supervisory and managing personnel hold a total of 5,004,091 shares, constituting 35.32% of the total vote at the General Shareholders Meeting of Inter Cars.

The managing and supervisory personnel hold no shares in the subsidiaries of Inter Cars.

Shareholder	Number of shares	Total nominal value	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
The Management Board				
Maciej Oleksowicz*	3,726,721	7,453,442	26.30%	26.30%
	3,726,721	**7,453,442**		
Supervisory Board				
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
	1,277,370	**2,554,740**		
Total	**5,004,091**	**10,008,182**	**35.32%**	**35.32%**

* Directly by OK Automotive Investments B.V.

As at the publication date of these financial statements

The Company's supervisory and managing personnel hold a total of 5,004,091 shares, constituting 35.32% of the total vote at the General Shareholders Meeting of Inter Cars.

Shareholder	Number of shares	Total nominal value	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
The Management Board				
Maciej Oleksowicz*	3,726,721	7,453,442	26.30%	26.30%
	3,726,721	**7,453,442**		
Supervisory Board				
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
	1,277,370	**2,554,740**		
Total	**5,004,091**	**10,008,182**	**35.32%**	**35.32%**

* Directly by OK Automotive Investments B.V.

The managing and supervisory personnel hold no shares in the subsidiaries of Inter Cars.

For information of the total number and value of all Company shares, see Note 16 to the separate financial statements.

Changes in the percentages of shares held under agreements known to the Company

The Incentive Scheme implemented by virtue of a resolution of the Extraordinary General Shareholders Meeting requires execution of participation agreements with participants of the Incentive Scheme, who include members of the management bodies, managers, and employees of key importance to the implementation of the Group's strategy. As at the publication date of this report, the Incentive Scheme has been completed, therefore no changes will occur in the percentages of shares held.

(in thousand PLN)

The Company is not aware of any agreements concluded between its shareholders which would affect the Company's business.

Special control powers over the Company

The Company did not issue any securities conferring any special control powers.

Restrictions on transferability of securities

There are no restrictions on the transferability of any securities (shares) issued by the Company. All Company shares were admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission dated April 26th 2004.

. On May 11th 2004, the Management Board of the Polish National Depository for Securities adopted Resolution No. 186/04, under which Inter Cars S.A. was granted the status of a participant of the Depository in the category ISSUER, and 11,821,100 Inter Cars S.A. shares were registered with the Depository and assigned code PL INTCS00010. Further issues of 2 347 000 shares took place between 2007 and 2009, as further described in the Consolidated Financial Statements in note 16.

Shareholders holding 5% or more of the total vote as at 31/12/2022:

Shareholder**	Number of shares	Total nominal value (PLN)	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
Allianz OFE, Allianz DFE, Drugi Allianz OFE	2,074,162	4,148,324	14.64%	14.64%
NATIONALE NEDERLANDEN OFE, NATIONALE NEDERLANDEN DFE	1,716,000	3,432,000	12.11%	12.11%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Total	**8,794,253**	**17,588,506**	**62.07%**	**62.07%**

*OK Automotive Investments B.V. is a company which is dependent from Maciej Oleksowicz, the President of the Management Board of the Company

** The list of shareholders was prepared based on notifications received in accordance with art. 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2005, No. 184 item 1539, as amended), and art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR Regulation").

Shareholders holding 5% or more of the total vote as at the date of publication of these financial statements:

Shareholder**	Number of shares	Total nominal value (PLN)	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
Allianz OFE, Allianz DFE, Drugi Allianz OFE	2,074,162	4,148,324	14.64%	14.64%
NATIONALE NEDERLANDEN OFE, NATIONALE NEDERLANDEN DFE	1,616,799	3,233,160	11.41%	11.41%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Generali OFE, Generali DFE, NNLife OFE, NNLife DFE	895,455	1,790,910	6.32%	6.32%
Total	**9,590,507**	**19,180,576**	**67.69%**	**67.69%**

*OK Automotive Investments B.V. is a company which is dependent from Maciej Oleksowicz, President of the Management Board of the Company

** The list of shareholders was prepared based on notifications received in accordance with art. 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2005, No. 184 item 1539, as amended), and art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR Regulation").

Information on purchasing own shares

In 2022, the Company did not purchase its own shares.

22. Agreements known to the Company (including agreements executed after the balance- sheet date) which may give rise to future changes in the proportion of shares held by the existing shareholders and bondholders

The Company is not aware of any such agreements

23. System of control of employee stock option plans

All stock options plans for shares held by Members of the Board were executed in the year 2009. At present (in 2022), no stock option plan is being implemented at the Group.

24. Qualified auditor of financial statements

On 13 August 2021 the Company signed an agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to perform an audit of the annual financial statements and semi-annual financial statements for 2021 and 2022. The total fee in 2022 resulting from the agreement is PLN 680 thousand, of which PLN 220 thousand is the cost of audit of the annual separate financial statements, and PLN 330 thousand is the costs of audit of the consolidated annual financial statements and PLN 130 thousand is the cost of audit of semi-annual condensed consolidated financial statements and semi-annual condensed separate financial statements.

Furthermore, remuneration of PLN 33 thousand was agreed for the audit of financial statements of Polish subsidiaries - ILS Sp. z o.o., ICMS Sp. z o.o., Feber Sp. z o.o., Lauber Sp. z o.o., Q-Service Sp. z o.o. for each of the Companies, and PLN thousand for Inter Cars Fleet Services Sp. z o.o. The total contractual remuneration for the audit of the Polish Subsidiaries for 2022 amounted to PLN 230 thousand.

In turn, as result of an audit of the financial statements of foreign subsidiary companies for the year 2022 – Inter Cars d o.o. (Bosnia and Herzegovina), Inter Cars Bulgaria Ltd., Inter Cars d.o.o. (Croatia), Inter Cars Česká republika s.r.o., Inter Cars Eesti OU, Inter Cars Lietuva UAB, Cars Latvija SIA, Cleverlog-Autoteile GmbH, Inter Cars Romania s.r.l., Inter Cars Slovenská republika s.r.o., Inter Cars INT d o.o. (Slovenia), Inter Cars Ukraine LLC, Inter Cars Hungária Kft, Inter Cars Italia S.r.l., Inter Cars Malta Ltd. & Inter Cars Malta Holding Ltd, the total fee under the agreements amounted to 307.25 thousand EUR.

In addition, on account of other non-audit services for Inter Cars S.A. and Group Companies approved by the Audit Committee in 2022, the remuneration amounted to PLN 112 thousand (audit of the remuneration report for 2022 , Inter Cars INT d.o.o. - audit of the related party transaction report, Inter Cars Latvija SIA - translation of the Auditor's report and opinion, Inter Cars GREECE - attestation of compliance of reporting with local tax regulations).

25. Transactions in derivative instruments and their risk profile

From 1 January to 31 December 2022, no transactions were concluded which would be related to the financial statement.

26. Headcount

As at 31 December 2022, the Company employed 882 personnel. In total the Group employed 3,966 people.

As at 31 December 2021, the Company employed 770 personnel. In total the Group employed 3,819 people.

27. Environmental policy

Inter Cars does not engage in operations which would have adverse effect on the natural environment. Accordingly, the Group is under no obligation to incur expenditure on environmental protection.

(in thousand PLN)

As at the reporting date, the Group held the following permits, in the form of administrative decisions, related to environmental protection:

No.	Number and date of decision	Issuing authority	Area covered by the decision	Scope of the decision
1	Decision no. 170/2013 dated 18/12/2013 (ŚR-6341/11M/2/13)	Governor of the Nowy Dwór County	Cząstków Mazowiecki ul. Gdańska 15, Czosnów Municipality	The water legal permit for intake of underground water from the quaternary formations from an intake in Cząstków Mazowiecki for household and utility purposes, except for food purposes, as well as watering greenery and for the purposes of water treatment, and a permit to build a water facility – well S3.
2	DKR/074-E9215/08/ar	Superior Environmental Inspector	Cząstków Mazowiecki ul. Gdańska 15, Czosnów Municipality	Registration of the Superior Envirnomental Inspector for the collection of electronic waste no. E0009215W
3	DKR/074-E9215/09/ar	Superior Environmental Inspector	Cząstków Mazowiecki ul. Gdańska 15, Czosnów Municipality	Registration of the Superior Environmental Inspector for the collection of waste batteries and recycling of the same no. E0009215WBW
4	Decision No. 85 of 10/05/2016 (ŚR.6341.15.2016)	Governor of the Nowy Dwór County	Cząstków Mazowiecki ul. Gdańska 27, Czosnów Municipality	The water legal permit for intake of underground water from an intake in Cząstków Mazowiecki on the plot of land number 361/3 belonging to Inter Cars S.A.
No.	Number and date of decision	Issuing authority	Area covered by the decision	Scope of the decision
5	Notification of registration number in BDO dated 20.04.2018	Marshal of Mazovia Voivodeship	Inter Cars S.A.	Waste Database with registration number 000012313 Re: Generation of waste, introduction of packaged products (as well as oils, tyres, batteries, electrical and electronic equipment).

28. Events which may have a material bearing on the Company's future financial result and events subsequent to the balance-sheet date

During the reporting period the Group 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 Group'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 Group 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 May 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 Groups'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 Realized sales at the level of PLN 475 million approximately 82% of sales from the same period a year before. In the current reporting period, Inter Cars Ukraine generated a loss of PLN 23 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 93 million, with trade payables to external suppliers amounting to PLN 6 million and their balance being settled on an ongoing basis.

The Group 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.

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.

On 15 March 2023, the company DANXILS sp. z o.o. was established. The object of the company will be to build a distribution network in Poland for spare parts in response to the high demand for fast and overnight logistics solutions in Eastern Europe.

The partners are ILS sp. z o.o, based in Swobodnia, and DANX GROUP A/S, based 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, which represents 50% of the share capital of DANXILS sp. z o.o.

29. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2022

The Group did not publish any forecasts for 2022.

30. Changes in the Company's structure, non-current investments and restructuring

In 2022, no significant changes in the Group's structure occurred. For more information see note 5 – reports on the Company's activities.

31. Management and supervisory bodies

As at 31 December 2022, the management and supervisory bodies of the Company were composed of the following persons:

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

The Management Board
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

32. Information on court proceedings to which the Group is a party

In 2022, no proceedings were brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings, whose aggregate value would represent 10% or more of the Company's equity.

Furthermore, no proceedings are pending before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiaries whose aggregate value would represent 10% or more of the Company's equity.

33. Information on average foreign exchange rates

All figures presented in these financial statements in EUR were translated at the following exchange rates:

	2022	2021
Exchange rate as at 31.12	4.6899	4.5994
Average exchange rate from 1.01 to 31.12	4.6883	4.5775
Highest exchange rate in the period	4.9647	4.7210
Lowest exchange rate in the period	4.4879	4.4541

The following principles have been used to convert data presented in thousand EURO in selected financial data:

- for the items of the profit and loss account – the average exchange rate was used, defined as the arithmetic mean of the rates prevailing on the last day of each month within a given period, as quoted by the National Bank of Poland
- for the items of the balance-sheet – *the exchange rate prevailing on 31/12/2022*, that is the mid exchange rate for the EURO prevailing on that date, as quoted by the National Bank of Poland.

34. Corporate governance

The full version of the statement of compliance is available at the Company's website at www.intercars.com.pl or the Warsaw Stock Exchange's website at www.gpw.pl.

Full version of the statement is attached to this report as Appendix: "INTER CARS S.A. MANAGEMENT BOARD'S STATEMENT OF COMPLIANCE IN 2022

WITH THE CORPORATE GOVERNANCE PRINCIPLES STIPULATED IN THE CODE OF BEST PRACTICE FOR WSE-LISTED COMPANIES".

35. Non-financial information statement

In pursuance of the Accounting Act, the Company presents a separate statement of non-financial information of Inter Cars S.A. and the Inter Cars S.A. Capital Group. The non-financial report was prepared in conformity with the Global Reporting Initiative standards. In conformity with Art. 49b of the Accounting Act, the non-financial report is available on the Company's website at http://inwestor.intercars.com.pl/pl/raporty/raporty-niefinansowe/).

36. Key research and development achievements information

The Companies forming the Capital Group do not carry out any research and development activities.

37. Management Board's information related to selecting an audit firm to audit the annual financial statements in conformity with the regulations, including those related to the selection of an audit firm and the selection procedure

The Management Board of Inter Cars S.A. ("the Company") informs that on 24 May 2021, it received information that on the same day, the Company's Supervisory Board adopted a resolution on extending the agreement to audit financial statements and hire PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k., having its registered seat in Warsaw, having its registered seat in Warsaw at 11 Polna street, 00-633 Warszawa, national court registry number 0000750050, entered into the list of audit firms kept by the Polish Chamber of Statutory Auditors under number 144 ("PwC"):

(i) to audit the separate financial statements of the Company and the consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January 2021 to 31 December 2021 and from 1 January 2022 to 31 December 2022; and

(ii) to review the condensed semi-annual separate financial statements of the Company and the consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January 2021 to 30 June 2021 and from 1 January 2022 to 30 June 2022.

Furthermore, the Company's Supervisory Board's resolution calls on the Management Board to enter into appropriate agreements with PwC to extend the term of the hitherto agreement by two years (i.e. 2021-2022). PwC was also hired to audit the separate financial statements of the key entities of the Inter Cars S.A. capital group other than Inter Cars S.A. for the years 2021 and 2022.

The audit firm was selected following the Supervisory Board having read the recommendation of the Audit Committee prepared in conformity with the law and the Company's internal regulations. The audit firm was selected in conformity with the Company's By-laws and the applicable law. The Company used services of PwC in the area of auditing and reviewing financial statements up to the year 2004 and in the years 2016–2021.

These Board's statement on the activity of the group was approved by the Management Board of Inter Cars S.A for publication on 26 April 2023.

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 consolidated annual financial statements of Inter Cars S.A. Group. ("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. Group.

- 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. Group, including description of basic threats and risks.

Maciej Oleksowicz
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Wojciech Twaróg
Member of the
Management Board

Piotr Zamora
Member of the
Management Board

Warsaw, 26 April 2023

INTER CARS S.A. MANAGEMENT BOARD'S

STATEMENT OF COMPLIANCE IN 2014 WITH THE CORPORATE GOVERNANCE PRINCIPLES STIPULATED IN THE CODE OF BEST PRACTICE FOR WSE-LISTED COMPANIES

1. Corporate Governance Principles Adopted by Inter Cars S.A.

Board of Directors of Inter Cars S.A. ("**the Company**") informs that, in connection with entry into force of the amended "Code of Best Practice of WSE Listed Companies 2021" adopted by Resolution no. 13/1834/2021 by the WSE Board on 01 July 2021, it adopted the corporate governance principles as laid out in the aforementioned document. The contents of the document are available at the website of the Warsaw Stock Exchange.http://www.corp-gov.gpw.pl/.

2. Non-compliance with the corporate governance principles

The Company represents that in 2022 it complied with all the applicable corporate governance principles except for, the following:

Principle 2.1.
A company should have a diversity policy for its management board and supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy shall define the objectives and criteria for diversity in areas such as gender, field of study, specialist knowledge, age, and professional experience, and shall indicate the time-frame and method for monitoring the realization of these objectives. With regard to gender diversity, a condition for ensuring the diversity of the company's bodies is that the proportion of minorities in the respective body is no less than 30%.

Explanation: *A company does not hold a diversity policy for its Management Board and Supervisory Board adopted by the Supervisory Board or the General Meeting respectively. The Company supports the principle of diversity in its governing bodies and sees value in creating an environment in which the widest possible range (set) of competencies and qualifications is present and each person has the opportunity to fully exploit his or her unique potential. However, the composition of the Supervisory Board is decided by the General Meeting, while the Management Board is appointed by the Supervisory Board. In selecting the members of the bodies, the General Meeting of Shareholders and the Supervisory Board, respectively, are guided primarily by the interests and needs of the Company and, accordingly, the emphasis is placed on competence, expertise, professional experience or knowledge of the industry in which the Company operates. Despite the lack of a policy, the current composition of the Supervisory Board provides diversity both in terms of education, expertise, age and professional experience, and the current composition of the Management Board in terms of education, expertise and professional experience.*

Principle 2.2.
Those deciding on the election of the members of the company's management or supervisory board should ensure the comprehensiveness of these bodies by selecting persons to ensure diversity in their composition, making it possible, i.e., to achieve the target ratio of minimum minority participation set at not less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in principle 2.1.

Explanation: *The composition of the Supervisory Board is decided by the General Meeting, while the Management Board is appointed by the Supervisory Board, who are primarily guided by the interests and needs of the Company when selecting the members of the bodies. The current composition of the Supervisory Board ensures diversity in terms of education, expertise, age and professional experience, while the current composition of the Management Board ensures diversity in terms of education, expertise and professional experience.*

Principle 2.7.
The performance of functions by Members of the Company’s Management Board on the bodies of entities outside the Company's Group requires the approval of the Supervisory Board.

Explanation: *The Regulations of the Management Board stipulate the requirement to obtain consent for members of the Management Board to hold functions in competing companies. Taking into account that holding functions in the Management Board of the Company is the main area of professional activity of each Member of the Management Board, possible sitting of members of the Management Board of the Company in bodies of other, non-competitive entities, in the opinion of the Company, will not prevent them from reliable performance of duties in the Company.*

Principle 2.11.
In addition to its activities under the law, once a year the Supervisory Board shall prepare and present an annual report to the ordinary general meeting for approval. The above mentioned report shall include at least:

2.11.6. information on the degree of implementation of the diversity policy with respect to the management board and the
supervisory board, including the achievement of the objectives referred to in principle 2.1.

Explanation: *See the explanation to point 2.1.*

Principle 3.1.
A listed company shall maintain effective internal control, risk management and compliance systems and an effective internal audit function, appropriate to the size of the company and the type and scale of its business, for which the board of directors is responsible.

Explanation: *At the present stage of development the Company does not apply the said principle to the full extent. Internal control and risk management systems have a dispersed character and are realized by the financial division of the Company, as well as by other organizational units, including operational division. Starting from 2017 the Company has had a programme of the compliance adopted by the Management Board , which in particular includes the Code of Conduct and Good Practice, the Abuse Prevention Policy, the Conflict of Interest Prevention Policy, the Confidentiality Policy, the Mobbing Prevention Policy and the Occupational Health and Safety and Environment Protection Policy. The programme is aimed at ensuring the Company’s compliance with the law, business standards and other market requirements through appropriate management of the non-compliance risk. Within the programme a process of managing the abuse risk and the conflict of interest has been implemented. The internal audit function was created in the structure of the Company in 2018.*

Principle 3.2.
The Company creates in its structure the units responsible for the tasks of particular systems or functions, unless this is not justified due to the size of the company or the type of its activity.

Explanation: *Internal control and risk management systems have a dispersed character and are realized by the financial division of the Company, as well as by other organizational units, including operational division. The compliance programme operates on the basis of the compliance department, which is part of the Company's legal department. The Company has a separate internal audit department.*

Principle 3.4.
Remuneration of the persons responsible for risk management and compliance and the head of internal audit should depend on the performance of the assigned tasks and not on the short-term results of the company.

Explanation: *The remuneration of the persons responsible for the systems or functions indicated is based on a fixed base and a bonus, which may depend both on the achievement of certain objectives by these persons and the Company and on the financial results of the Company or its capital group.*

Principle 3.10.
At least once every five years, in a company belonging to the WIG20, mWIG40 or sWIG80 index, a review of the internal audit function is carried out by an independent auditor selected with the participation of the audit committee.

Explanation: *The internal audit function was created in the Company in 2018. At the time of publication, the independent auditor selected with the participation of the audit committee has not reviewed the internal audit function. The Company does not exclude the possibility that such a review will be carried out after the five-year period from the establishment of the internal audit department.*

Principle 6.2.
Incentive programmes should be structured in such a way that, among other things, they make the level of remuneration of the members of the company's board of directors and its key managers dependent on the actual long-term situation of the company in terms of financial and non-financial performance and long-term growth of shareholder value and sustainable development, as well as the stability of the company's operations.

Explanation: *According to the incentive programme for the members of the Management Board, adopted on the basis of a resolution of the Supervisory Board, the bonus system provided for therein is based on a degressive model, where the bonus base is determined as a percentage of the consolidated net profit of the Company's Capital Group resulting from the audited financial statements of the Company's group. For the time being, non-financial performance is not a factor on which management bonuses depend. However, sustainability issues represent an important value for the Company and, despite the fact that these issues are not linked to the management bonus system, the Company annually reviews its operations in terms of non-financial risks and seeks to optimise its performance in these areas*

3. Key features of the Company's internal control and risk management systems used in the preparation of separate and consolidated financial statements

The Company's financial statements and periodic reports are prepared by the Chief Financial Officer Accountant in accordance with the applicable laws and regulations and the accounting policies adopted by the Company; the Management Board, which is responsible for reliability and accuracy of the prepared information, reviews the financial statements and periodic reports on an ongoing basis.
The financial statements are prepared only by people with access to relevant financial data. The financial data serving as the basis of the financial statements and periodic reports comes from the accounting and financial system which records accounting events in accordance with the Company's accounting policy (approved by the Management Board), which is based on the International Accounting Standards and the International Financial Reporting Standards. The Company monitors on an ongoing basis changes to laws and regulations on reporting requirements for listed companies, and prepares for their adoption appropriately in advance.
The financial reporting process is also monitored by the Company Supervisory Board Audit Committee, which reviews the interim and annual financial statements of the Company and controls the correctness of particular stages of financial reporting. The Audit Committee is also responsible for verifying the functioning of the financial reporting systems applied by the Company and issuing opinions thereon.
Financial statements approved by the Management Board are subject to approval by an independent auditor - an audit firm selected by the Company's Supervisory Board from among reputed audit firms, having regard for the recommendation of the Supervisory Board Audit Committee.
Based on the circumstances identified in the course of auditing the financial statements, the Company's Financial Division, in cooperation with an audit firm, attempts to prepare recommendations related to improving the Company's internal control system with a view to their potential implementation.
The Financial Division and Division Heads prepare periodic management information reports including an analysis of the key financial data and operating ratios of the business segments, and provide them to the Management Board.

(in thousand PLN)

Since the creation of the separate internal audit control unit in 2018, the organization and correctness of preparing the financial statements have also been subject to periodical audits carried out by the said unit.

4. Shareholders directly or indirectly holding significant blocks of shares; numbers of shares and percentages of company's share capital held by such shareholders, and the numbers of votes and percentages of the total vote that such shares represent at the general shareholders meeting [as at the publication date]

No.	Shareholder	Number of shares	Number of votes at GM	% in overall number of voting shares
1.	OK Automotive Investments B.V.*	3,726,721	3,726,721	26.30%
2.	Allianz OFE, Allianz DFE, Drugi Allianz OFE	2,074,162	2,074,162	14.64%
3.	NATIONALE NEDERLANDEN OFE, NATIONALE NEDERLANDEN DFE	1,616,799	1,616,799	11.41%
4.	Andrzej Oliszewski	1,277,370	1,277,370	9.02%
5.	Generali OFE, Generali DFE, NNLife OFE, NNLife DFE	895,455	895,455	6.32%
6.	Other shareholders	4,577,593	4,577,593	32.31%
	Total number of shares / votes	**14,168,100**	**14,168,100**	**100%**

*) OK Automotive Investments B.V. is a company , which is dependent from Maciej Oleksowicz, President of the Management Board of the Company.

The list of shareholders was prepared based on notifications received in accordance with art. 69 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2005, No. 184 item 1539, as amended), and art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR Regulation").

5. Holders of any securities conferring special control powers, and description of those powers

There are no securities conferring special control powers over the Company.

6. Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

Pursuant to the resolution, §18a of the Company's Articles, the right of the shareholders holding over 33% of the total number of votes in the Company is limited in such a way as to prevent each of them from casting more than 33% of votes at the General Meeting of the Company. The above limitation shall not apply to determining the purchasers of significant blocks of shares as provided for in the Public Offer of Financial Instruments Act of 29 July 2005.
Furthermore, pursuant to the provisions of the Articles, this limitation shall expire if one of the shareholders purchases (on their own behalf and account) and registers at the General Meeting over 50% of the total number of votes in the Company, provided that all shares above 33% of the total number of shares in the Company and all shares above this threshold are purchased by such shareholder in response to a call to subscribe for all shares of the Company announced in conformity with the Act.
The underlying purpose of the said limitation is to strengthen the minority shareholders in the event of a change in the controlling entity relative to their status guaranteed by the applicable law by providing them with the possibility of disinvestment and an equal participation in the bonus, which the entity intending to take control over the Company shall pay for the controlling interest.

7. Restrictions on limitations of transfer of the property rights to securities of the company

There are no restrictions in the Articles of Association which apply to the shares of the Company.

8. Rules governing the appointment and removal of the company's management personnel and such personnel's powers, including in particular the power to make decisions to issue or repurchase shares

The term of office of the Management Board of the Company is four years. Its members are appointed for a common term and dismissed by a resolution of the Supervisory Board. The Board is composed of three to nine members of the Board. The number of the Members of the Management Board is established by the Supervisory Board The Member of the Board can be dismissed or suspended also by the General Meeting.
Members of the Management Board may be appointed from among the shareholders or from outside this group. The President and Vice-President of the Management Board are appointed by a resolution of the Supervisory Board. The Supervisory Board adopts a resolution to appoint the President and, possibly, Vice-President of the Management Board. The term of the Member of the Board extinguishes on the day of General Shareholders Meeting which approves financial statement for the last full accounting year when the Member was in term. The mandate of the Member of the Board also becomes void in case of death, resignation or dismissing the Member from his function in the Board.
The mandate of a member of the Management Board expires also as a result of their death, resignation or dismissal. A resolution of the Supervisory Board on suspending, for important reasons, particular members of the Management Board, as well as a resolution on appointing a member of the Board to a temporary term is adopted by a majority of 4/5 of the votes, in the presence of at least 4/5 of the composition of the Supervisory Board.
The members of the Management Board represent the Company in court and outside it. The scope of operation of the Board includes all matters of the Company not reserved for the General Meeting or the Supervisory Board. The Company is represented by two members of the Management Board or one Member of the Management Board together with a proxy.
The Members of the Management Board comply with the existing law, the Articles of Association and the Regulations of the Management Board of Inter Cars S.A, which stipulate the scope of laws and responsibilities of the Board and its operations. These Regulations are adopted by the Management Board and approved by the Supervisory Board. The Regulations of the Management Board are available on the Company's website.
Except for the provisions of the Articles of Association and the Rules of Board of Directors, the matters not exceeding the range of standard activities of the Company do not require a resolution of the Board. Should the matter described above be objected by a member of the Management Board before it is realized, it shall need a resolution of the Management Board. The resolutions are adapted by an absolute majority of votes with presence of at least a half of the Members of the Board. The Board Meetings take place not less often than once every two weeks. Members of the Management Board can take part in passing resolutions of the Board by voting in writing, through the other member of the Board. Voting in writing cannot apply to matters being entered into the agenda during the Board Meeting. Resolution of the Board can be passed also in a written form or using means of direct communication at a distance.
Decisions regarding issuing or repurchasing of shares are governed by the provisions of the Commercial Companies Code, however, the General Shareholders Meeting is exclusively authorized to make decisions regarding any changes to the Company's share capital or redemption of shares.

9. Rules governing amendments to the Company's articles or memorandum of incorporation.

The validity of an amendment to the Company's Articles of Association requires a resolution of general shareholders' meeting, taken by 3/4 majority of vote - article 415 of Code of Commercial Companies (resolution on important change of scope of activities requires a resolution taken by majority of 2/3 votes cast – art. 416 C.C.C.); and entry in the National Court Register (art. 430 C.C.C.).

10. Manner of operation of the general shareholders meeting, its basic powers and description of the shareholders' rights along with the procedure for their exercise, in particular the rules stipulated in the rules of procedure for the general shareholders meeting

The General Shareholders Meeting operates in accordance with the provisions of the Company's Articles of Association, Commercial Companies Code and the Rules of Procedure for the General Shareholders Meeting published on the Company's website.
The General Shareholders Meeting decides on matters stipulated in the Commercial Companies Code, except when under the Company's Articles of Association such matters fall within the scope of powers of the Company's other governing bodies. The following matters require a General Shareholders Meeting's resolution: changing the share capital of the Company and creating, increasing and using other capitals, funds and reserves, issue of convertible bonds or bonds conferring pre-emptive rights, amendments to the Articles of Association, retirement of shares, disposal of the Company's enterprise or its organised part, liquidation, division, merger, dissolution, or transformation of the Company, distribution of profit, coverage of loss, and creation of capital reserves, appointment and removal from office of members of the Supervisory Board, approval of the Rules of Procedure for the Supervisory Board, and establishing remuneration policies for members of the Supervisory Board delegated to perform on-going individual supervision, granting permission to sell or encumber a company or an organized part of a company under the business name Inter Cars Marketing Services Ltd. and granting permission to sell or encumber industrial rights and trademarks under the business name Inter Cars Marketing Services Ltd. and expressing approval for any change in the Company's initial capital, under the business name Inter Cars Marketing Services Ltd. and expressing approval to sell or encumber shares under the business name of Inter Cars Marketing Services Ltd." acquisition or disposal of real property, perpetual usufruct right to or interest in real property does not require the approval of the General Shareholders Meeting.
The General Meeting is convened by the Board of Directors or, in cases and following the procedure determined in the Code of Commercial Companies, other entities. The General Meeting may be held in the seat of the Company or in Cząstków Mazowiecki (commune of Czosnów, Mazovian Province) or in Kajetany (commune of Nadarzyn, Mazovian Province). Unless the Code of Commercial Companies or any provisions of the Articles of Association do not provide for stricter conditions, the resolutions of the General Meeting are adopted with an absolute majority of votes.

11. Composition and activities of the issuer's management, supervisory and administrative bodies or of their committees; changes in their composition in the last financial year

11.1. Composition and Rules governing the operation of the Management Board

As at 01 January 2022, and as at 31 December 2022, the following people composed the Board of Managers:
1) Maciej Oleksowicz – President of the Management Board;
2) Krzysztof Soszyński – Vice-President of the Management Board;
3) Wojciech Twaróg - Member of the Management Board;
4) Piotr Zamora – Member of the Management Board.

As at the date of publication of these financial statements the personal composition of the Board of Directors remained unchanged.

All other information on the rules of operations of the Board of Directors were included in point 8 above.

11.2. Composition and rules governing the operation of the Supervisory Board and its committees

As at 01 January 2022, and as at 31 December 2022, the following people composed the Supervisory Board of the Company:

1) Andrzej Oliszewski – Chairman of the Supervisory Board;
2) Jacek Podgórski – Member of the Supervisory Board
3) Radosław Kudła – Member of the Supervisory Board
4) Tomasz Rusak – Member of the Supervisory Board;
5) Piotr Płoszajski – Member of the Supervisory Board
6) Jacek Klimczak – Member of the Supervisory Board

As at the date of publication of these financial statements the personal composition of the Supervisory Board remained unchanged.

In 2022, the Supervisory Board held 5 meetings.

The Supervisory Board is composed of five to thirteen members, appointed by the General Shareholders Meeting, which also appoints the Chairman of the Supervisory Board. From among other members, the Supervisory Board appoints the Vice-Chairman. The Supervisory Board appoints Deputy Chairman from among other members of the Supervisory Board. The number of members of the Supervisory Board is fixed by the General Meeting. In the event of block voting, the Supervisory Board is composed of thirteen members. Term of office of the Supervisory Board is 5 years and is common for all members. Members of the Supervisory Board can be appointed for subsequent terms.
The Supervisory Board adopts resolutions by an absolute majority of votes, in the presence of at least half of the members. A resolution may only be considered valid if all members of the Supervisory Board have been invited to the meeting. Meetings of the Supervisory Board are held at least once a quarter. Meetings are convened with a prior written notice containing information on the place, time and proposed agenda of the meeting and served to all members at least 7 days prior to the date of the meeting. Meetings of the Supervisory Board are convened by its Chairman on their own initiative or at the request of a member of the Supervisory Board. The Supervisory Board may adopt resolutions without holding a meeting, by casting votes in writing or using means of remote communication, provided that all members of the Supervisory Board have received the draft of the resolution which is to be voted upon and have agreed to such manner of voting. Resolutions of the Supervisory Board regarding the suspension from duties of a member of the Management Board for a good reason, as well as resolutions regarding the delegation of a Supervisory Board member to temporarily perform the duties of a Management Board member, are adopted by a majority of 4/5 of the votes cast in the presence of no less than 4/5 of the Supervisory Board members.
The Supervisory Board exercises supervision over the Company's activities in the manner stipulated in the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure for the Supervisory Board adopted by the General Shareholders Meeting. The scope of powers of the Supervisory Board includes in particular: reviewing the Company's financial statements, the Directors' Report and the Management Board's recommendations concerning the distribution of profit or coverage of loss, and submitting an annual report on the findings of the above review to the General Shareholders Meeting, selecting an auditing company to audit the Company's financial statements, appointing members of the Management Board and removing them from office, appointing the President of the Management Board and (optionally) Vice-President of the Management Board from among its members, concluding contracts with members of the Management Board, establishing remuneration policies for members of the Management Board, and granting consent to acquire or dispose of real property, perpetual usufruct right to or interest in real property.

Audit Committee

On 25 September 2017, the Supervisory Board appointed an Audit Committee of the Supervisory Board of the Company.

(in thousand PLN)

As at 1January 2021 the following Members of the Supervisory Board composed the Audit Committee of the Company:

1) Piotr Płoszajski – Chairman of the Committee;
2) Andrzej Oliszewski – Member of the Committee;
3) Jacek Podgórski – Member of the Committee;
4) Radosław Kudła – Member of the Committee.

On 1 September 2022, Mr Piotr Płoszajski, due to the expiry of his 12-year term as a Member of the Company's Supervisory Board, resigned as Chairman and Member of the Audit Committee of the Company's Supervisory Board with effect from the date of the next meeting of the Company's Supervisory Board and the election of a new Chairman of the Audit Committee of the Company's Supervisory Board. On 28 September 2022, the Supervisory Board of the Company appointed Mr Radosław Kudła as the Chairman of the Audit Committee of the Supervisory Board of the Company and determined that, as of 28 September 2022, the Audit Committee of the Supervisory Board will be composed of three persons.
As of 28 September 2022 the following Members of the Supervisory Board compose the Audit Committee of the Company:

1) Radosław Kudła – Chairman of the Committee;
2) Andrzej Oliszewski – Member of the Committee;
3) Jacek Podgórski – member of the Committee.

The Audit Committee is composed of at least three members, including the Chairman of the Audit Committee, appointed by the Supervisory Board from among its members.
The majority of the members of the present Audit Committee, including its Chairman, meet the independence criterion within the meaning of Art. 129.3 of the Act on Statutory Auditors, Audit Companies and Public Supervision of 11 May 2017 (hereinafter referred to as "the Act"), at least one member has the knowledge and the skill related to accounting or auditing financial statements, and at least one member has the knowledge and the skill related to the automotive industry.

	Meets the independence criterion within the meaning of Art. 129.3 of the Act	***Has the knowledge and the skill related to accounting or auditing financial statements***		***Has the knowledge and the skill related to the automotive industry***	
		Meets the criteria	*Acquisition method*	*Meets the criteria*	*Acquisition method*
Piotr Płoszajski (served as a member of the Audit Committee until 28 September 2022)	yes	yes	holds the title of dr hab. (assistant professor) conferred by the Warsaw School of Economics, head of the Management Theory Department between 1994-2018	No	-
Andrzej Oliszewski	No	No	-	Yes	graduated from the Production Economics Department of the Warsaw School of Planning and Statistics (currently Warsaw School of Economics); co-founder of Inter Cars, since 1990 present in the automotive business, first as a partner at Inter Cars Partnership , since 1990 member of the Supervisory Board of Inter Cars S.A.
Jacek Podgórski	yes	yes	graduate of the University of Lodz, Faculty of Economic and Social Sciences; completed post-graduate studies at the University of Warsaw in the field of management, attended numerous training courses in finance, tax law and	No	-

			management, as part of his professional duties, among other things, he supervised the restructuring processes of capital groups, managed liquidity, credit and currency risks, was responsible for the bank's syndicated loan portfolio and financing companies from the large enterprise sector.		
Radosław Kudła	yes	yes	Graduate of Szkoła Główna Handlowa (SGH Warsaw School of Economics), faculty: Finance and Banking. Holds a title of CFA Charter holder, and took part in numerous trainings in the valuation of derivatives and structured products. Professional experience gathered in financial institutions, including 6 years as a member of the Management Board of national bank.	No	-

The Audit Committee meetings are held at least four times a year.

In 2022, the Audit Committee held 7 meetings.

The opinions and recommendations of the Audit Committee are adopted in the form of resolutions. The resolutions are adapted by an absolute majority of votes with presence of at least a half of the Members of the Audit Committee. Resolution of the Committee can be passed also in a written form or using means of direct communication at a distance.

The Audit Committee of the Supervisory Board is appointed to supervise the financial reporting process, the efficiency of the internal control systems, the internal audit and risk management, as well as to monitor the financial revision activities.

In performance of its duties, the Audit Committee may demand that the Company provide explanations, information or submit the required documentation.

In 2022, the entities belonging to the audit company, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. z, having its registered seat in Warsaw, provided to the companies from the Inter Cars S.A. Capital Group allowed services other than an audit. The Audit Committee evaluated the independence of the audit firm and each time expressed its consent for the performance of such services.

Underlying assumptions behind appointing an audit firm:

(i) ensuring a transparent, reliable and fair selection of an audit firm, conforming to the principle of rotation of an audit firm and a key chartered accountant;
(ii) carrying out of an audit firm selection process by the Audit Committee and preparing recommendation for the Company's Supervisory Board on selection of an audit firm, which, if not related to a renewal of an audit order, includes no fewer than two audit firms to choose from, a justification and an indication of why one of them is preferable;
(iii) selecting an audit firm by the Supervisory Board based on the recommendations of the Audit Committee.

The underlying assumptions of provision by the audit firm, the entities related to such audit firm or a member of such audit firm's chain, of permitted services other than an audit:

(i) ensuring compliance with respect to ordering and provision of permitted services other than an audit;
(ii) having in place a procedure of acceptance of provision by an audit firm of permitted services other than an audit, requiring a consent of the Audit Committee expressed against an application filed by a company from the Inter Cars S.A. Capital Group; identification of persons responsible for specific activities to be carried out when purchasing permitted services other than an audit.

On 24 May 2021, the Company's Supervisory Board, following a recommendation of the Audit Committee, adopted , a resolution to extend the agreement to audit the Company's financial

statements previously concluded with the audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered seat in Warsaw for another two years, i.e. 2021 and 2022.
The audit firm was selected following the Supervisory Board having read the recommendation of the Audit Committee prepared in conformity with the law and the Company’s internal regulations. The audit firm was selected in conformity with the Company’s By-laws and the applicable law.

12. Description of the diversity applied with respect to the administrative, managing and supervisory bodies of the issuer with regard to aspects such as age, sex or professional education, goals of the diversity policy, the method of its implementation and its effects during the reporting period; if the issuer does not apply such policy, it should provide a statement explaining the reasons for doing so.

The Company does not have in place any defined policy of diversity applied with respect to administrative, managing and supervisory bodies. The decision not to prepare the policy results from the Company’s many years of experience in managing human resources, which proves that natural selection of staff based on market mechanisms, without applying any special preferential terms or restrictions, allows the Company to maintain a strongly motivated and efficient team of employees. The criteria applied by the Company with respect to hiring staff, including managerial staff, are satisfactory from the point of view of the diversity criterion.
In addition, the Company applies and acts in conformity with the applicable regulations and internal rules governing this area, such as the Code of Conduct and Good Practices. The Code implements the principle of equal treatment irrespective of sex, age race, point of view, health, trade union membership, employment record, appearance or sexual orientation. Furthermore, the Company applies clear and fair promotion criteria.