INTER CARS GROUP

ANNUAL FINANCIAL STATEMENTS
2023

CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD FROM 1 JANUARY TO 31 December 2023

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Financial highlights

	for the period of 12 months ended on 31 December			
	2023	2022	2023	2022
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	29.17%	30.45%		
EBITDA	1,217,522	1,197,208	268,864	255,361
EBITDA as percentage of sales	6.75%	7.83%		
EBITDA (for 12 consecutive months)	1,217,522	1,197,208	268,864	255,361
Net debt / EBITDA	1.81	1.65		
Basic earnings per share (PLN)	49.43	52.63	10.92	11.23
Diluted earnings per share (PLN)	49.43	52.63	10.92	11.23
Sales revenues	18,030,309	15,285,101	3,981,607	3,260,265
Operating profit	1,035,089	1,042,232	228,577	222,305
Net profit	**700,297**	**745,698**	**154,646**	**159,055**
Cash flows				
Operating cash flows	486,668	(98,362)	107,470	(20,980)
Investing cash flows	(351,926)	(165,657)	(77,715)	(35,334)
Financing cash flows	(124,028)	380,544	(27,389)	81,169

	As at		**As at**	
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**
Consolidated statement of the financial situation	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Cash	367,904	357,190	84,615	76,162
Balance sheet total	9,271,136	8,034,046	2,132,276	1,713,053*
Loans, borrowings and lease	2,575,149	2,334,223	592,261	497,713
Equity attributable to the shareholders of the parent entity	4,437,468	3,815,725	1,020,577	813,605

	As at	
Employment and branches	31/12/2023	31/12/2022
Employees		
Parent company	982	882
Subsidiaries	3,381	3,084
Branches		
Parent company	246	244
Subsidiaries	386	374

*transformed data, details of transformation described in note 3.2 Error correction

EBITDA (equal to PLN 1,217,522k) is calculated as the sum of operating profit (PLN 1,035,089k) and depreciation and amortisation for the reporting period (PLN 182,433k).

Net debt/EBITDA ratio

The net debt / EBITDA is measured as the quotient of the net debt (constituting total credit, loan and lease liabilities minus cash and cash equivalents) to the EBITDA value. Sub-lease liabilities are not recognized as sub-lease liabilities due to their completely neutral impact.

The following exchange rates were applied to calculate selected financial data in EUR, in line with IAS 21:

- <u>for the statement of financial position items</u> – the National Bank of Poland exchange rate of 31 December 2023 – EUR 1 = PLN 4.3480, and the National Bank of Poland exchange rate of 31 December 2022 – EUR 1 = PLN 4.6899
- <u>for the comprehensive income and cash flow statement items</u> – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of 2023 and 2022, respectively: 1 EUR = PLN 4.5284 and 1 EUR = PLN 4.6883.

Annual consolidated financial statements of Inter Cars S.A. for the period from 1 January to 31 December 2023

Information about INTER CARS S.A.

1. Scope of activities

The principal activities of Inter Cars Capital Group are import and distribution of spare parts and tyres for passenger cars and commercial vehicles. In addition, the Group is involved in servicing car fleets in the area of repairs, selling vans and trucks, manufacturing motor vehicles (trailers and semi-trailers) and remanufacturing automotive spare parts. To complement its offering, the Group provides logistics and warehouse management services, property development and rental, consulting and organisation of training and seminars, advertising, market research and opinion polling.

2. The seat of the Parent Entity

ul Powsińska 64

02-903 Warsaw

Poland

Central Warehouse:

Europejskie Centrum Logistyczne (European Logistics Centre)

Swobodnia 35

05-170 Zakroczym

The main area of Inter Cars S.A. activity is the territory of Poland.

3. Contact and administrative details

Inter Cars S.A. Company, having its registered seat in Warsaw, at 64 Powsińska St., entered into the register of entrepreneurs of the National Court Register, kept by the District Court for the capital of Warsaw in Warsaw, XII Commercial Department of the National Court Register, under the following number:

KRS 0000008734

NIP 1181452946

Regon 014992887

phone (+48-22) 714 19 16

fax. (+48-22) 714 19 18

bzarzadu@intercars.eu

relacje.inwestorskie@intercars.eu

www.intercars.com.pl

Both the name of the Company and its other identifying information have not changed since the end of the previous reporting period.

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

Andrzej Oliszewski, President

Piotr Płoszajski

Tomasz Rusak

Jacek Klimczak

Jacek Podgórski

Radosław Kudła

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

Maciej Oleksowicz, President

Krzysztof Soszyński, Vice-President

Wojciech Twaróg, Member of the Management Board

Piotr Zamora, Member of the Management Board

Wojciech Aleksandrowicz, Member of the Management Board, appointed as of 1 January 2024

6. Statutory auditor

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. K.

Ul. Inflancka 4A;

00-189 Warsaw

7. Subsidiaries, jointly controlled and associated entities of Inter Cars - entities included in consolidation as at 31 December 2023

The parent company is Inter Cars S.A. ("the Company / The parent entity").
As at 31 December 2023, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the parent entity, and 40 other entities, including:

- 35 direct subsidiaries of Inter Cars S.A.
- 3 indirect subsidiaries of Inter Cars S.A.
- 2 jointly controlled companies

The Group also holds shares in one related entity.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Parent company					
Inter Cars S.A.	Warsaw, Poland	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Ukraine LLC	Khmelnitsky, Ukraine	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Cząstków Mazowiecki, Poland	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk, Poland	Remanufacturing of car parts	full	100%	100%
Inter Cars Českárepublikas.r.o.	Prague, Czech Republic	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Warsaw, Poland	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%
IC Development & Finance Sp. z o.o	Warsaw, Poland	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw, Poland	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Slovenskárepublikas.r.o.	Bratislava, Slovakia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Vilnius, Lithuania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Belgium NV (formerly JC Auto S.A.)	Hasslt, Belgium	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars HungáriaKft	Budapest, Hungary	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Subsidiaries, jointly controlled companies and associates (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Italia s.r.l	Pero, Italy	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Zagreb (Grad Zagreb), Croatia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Nicosia, Cyprus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Mārupesnov., Mārupe , Latvia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Cząstków Mazowiecki, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Swobodnia, municipality Zakroczym, Poland	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Birkirkara, Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Sale of delivery vans and trucks	full	100%	100%
Inter Cars INT Trgovina z rezervnimi deli in opremo za motornavozila d.o.o.Inter Cars INT d.o.o.	Ljubljana, Slovenia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Tallinn, Estonia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars GREECE.	IlioupoliAttiki, Greece	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars United Kingdom - automotive technology Ltd	Tipton, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o. Beograd-Rakovica	Belgrade-Rakovica, Serbia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Fleet Services Sp. z o.o.	Warsaw Poland	Services for motor-vehicle fleets related to vehicle repairs	full	100%	100%
OOO Inter Cars Automobilna Technika[1]	Mogilev, Belarus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Norge AS[2]	Oslo, Norway	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Subsidiaries, jointly controlled companies and associates (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Deutshland GmbH[3]	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
ILS Adriatic Logostika d.o.o.[4]	Vinkovci, Croatia	Warehousing services	full	100%	-
Inter Cars Albania SHA[5]	Tirana, Albania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	-
Indirect subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Malta Limited[6]	Birkirkara, Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o o[7]	Vinkovci, Croatia	Distribution of spare parts and real estate rental	full	100%	100%
ILS Balkan srl.[8]	Bucharest, Romania	Warehousing services	full	100%	-
Jointly controlled companies					
InterMeko Europe Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%
DANXILS Sp. z o.o.[9]	Swobodnia, Poland	Logistics services	equity method	50%	-
Associated entity					
Partslife International Kft[10]	Dunakeszi, Hungary	Environmental and ecological services	equity method	33.3%	33.3%

[1] The Company did not commence business activities; the Company was removed from the register on 12 January 2024

[2] The Company acquired in August 2021, started operating activities in 2023

[3] The Company acquired in November 2022, has not started operating activities yet.

[4] The Company founded in August 2023, has not started operating activities yet

[5] The Company founded in October 2023, has not started operating activities yet

[6] 100% shares held by subsidiary company Inter Cars Malta Holding Limited

[7] 100% shares held by subsidiary company Inter Cars d.o.o. (Croatia)

[8] 100% shares held by subsidiary company ILS Sp. z o.o.

[9] The Company founded in March 2023; 50% shares held by subsidiary company ILS Sp. z o.o.

[10] 33.3% shares held by the Parent company, Inter Cars S.A..

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

8. Jointly controlled companies

As at 31 December 2023 the Company owned 50 % of shares in InterMeko Europe Sp. z o.o., a joint-venture company established in order to monitor the quality of goods using a laboratory.

DANXILS Sp. z o.o. Company founded in March 2023; 50% shares held by subsidiary company ILS Sp. z o.o. A description of the accounting policies used for jointly controlled companies is described in note 3.3 b).

9. Associated entity

As at 31 December 2023, the Company holds 33.33% (directly and indirectly 2.27% through Partslife GmbH) of the shares in Partslife International Kft.

10. Stock exchange listings

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

11. Date of approval of the financial statements for publication

These annual consolidated financial statements were approved by the Management Board of Inter Cars S.A for publication on 25 April 2024.

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF THE FINANCIAL SITUATION

	Note	31/12/2023	31/12/2022 transformed data*	01/01/2022 transformed data*
ASSETS				
Non-current assets				
Tangible fixed assets	7	780,433	545,271	473,236
Right-of-use assets	8	405,287	392,963	234,977
Investment property		3,181	3,311	2,973
Real estate available for sale		-	-	8,078
Intangible assets	9	198,012	196,074	191,787
Investments in associates	10	6,416	3,642	2,037
Investments available for sale		-	1,228	298
Other long-term receivables	13	33,257	36,456	25,210
Financial sub-lease receivables	19	269,872	250,366	228,500
Deferred tax assets	11	23,781	20,930	16,200
		1,720,239	**1,450,241**	**1,183,296**
Current assets				
Inventory	12	4,440,904	4,096,106	3,112,013
Trade and other receivables	13	2,654,489	2,049,902	1,685,467
Financial sub-lease receivables	19	87,600	80,607	77,414
Cash	14	367,904	357,190	240,665
		7,550,897	**6,583,805**	**5,115,559**
TOTAL ASSETS		**9,271,136**	**8,034,046**	**6,298,855**
LIABILITIES				
Share capital	15	28,336	28,336	28,336
Share premium account	15	259,530	259,530	259,530
Other supplementary capital	15	2,707,304	2,115,245	1,615,749
Foreign exchange gains /losses in subsidiaries	15	(63,658)	4,837	4,375
Retained earnings		1,505,956	1,407,777	1,181,694
Equity		**4,437,468**	**3,815,725**	**3,089,684**
Long-term liabilities				
Liabilities due to credits, loans	17	929,207	728,874	580,792
Other lease liabilities	18	362,079	357,419	201,536
Liabilities due to lease transformed into sub-lease	19	269,872	250,366	228,500
Other long-term liabilities		7,140	6,206	7,832
Deferred income tax provision	11	121,467	53,963	57,272
		1,689,765	**1,396,828**	**1,075,932**
Short-term liabilities				
Trade and other liabilities	20	1 525,271	1,220,283	1,140,491
Trade and other liabilities - passed for factoring	20	175,181	119,969	110,076
Liabilities due to credits, loans	17	1,190,424	1,158,567	643,027
Other lease liabilities	18	93,439	89,363	54,994
Liabilities due to lease transformed into sub-lease	19	87,600	80,607	77,414
Employee benefits	21	52,607	33,700	28,047
Income tax liabilities		19,381	119,004	79,190
		3,143,903	**2,821,493**	**2,133,239**
TOTAL LIABILITIES		**9,271,136**	**8,034,046**	**6,298,855**

*description of transformation is to be found in point 3.2 Error correction

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	for the period of 12 months ended on 31/12/2023	31/12/2022
Revenues from the sale of products, goods and materials	22	18,030,309	15,285,101
Cost of sales	23	(12,771,665)	(10,630,114)
Gross profit on sales		**5,258,644**	**4,654,987**
Other operating income	25	77,250	66,481
Selling cost, general and administrative expenses	24	(2,528,179)	(1,983,700)
Costs of distribution service	24	(1,666,041)	(1,529,288)
Other operating expenses	26	(106,585)	(166,248)
Operating profit		**1,035,089**	**1,042,232**
Financial revenue	27	19,739	27,682
Foreign exchange gains/losses	27	(1,317)	(2,020)
Financial costs	27	(184,874)	(142,518)
Interest in associates		545	424
Profit before tax		**869,182**	**925,800**
Income tax	29	(168,885)	(180,102)
Net profit		**700,297**	**745,698**
Attributable to:			
shareholders of the parent company		**700,297**	**745,698**
OTHER COMPREHENSIVE INCOME			
Foreign exchange gains/losses*		(68,495)	462
Total other comprehensive income, net		**(68,495)**	**462**
COMPREHENSIVE INCOME		**631,802**	**746,160**
Comprehensive income attributable to:			
- the shareholders of the parent entity		631,802	746,160
Earnings per share (PLN)			
- basic and diluted	16	49.43	52.63
Weighted average number of shares	16	14,168,100	14,168,100

*Foreign exchange gains/losses on future translation can be reclassified to profit or loss.

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2023 to 31 December 2023

	Note no.	Share capital	Share premium account	Other supplementary capitals	Foreign exchange gains /losses in subsidiaries	Retained earnings	**Total equity**
As at 1 January 2023		**28,336**	**259,530**	**2,115,245**	**4,837**	**1,407,777**	**3,815,725**
Profit in the reporting period	16	-	-	-	-	700,297	**700,297**
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries		-	-	-	(68,495)	-	**(68,495)**
Total comprehensive income		***-***	***-***	***-***	***(68,495)***	**700,297**	**631,802**
Distribution of prior period profit – dividend	30	-	-	-	-	(10,059)	**(10,059)**
Distribution of retained profits - transferred to supplementary capital	30	-	-	592,059	-	(592,059)	**-**
As at 31 December 2023		**28,336**	**259,530**	**2,707,304**	**(63,658)**	**1,505,956**	**4,437,468**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)

for the period from 1 January 2022 to 31 December 2022

	Note no.	Share capital	Share premium account	Other supplementary capitals	Foreign exchange gains /losses in subsidiaries	Retained earnings	**Total equity**
As at 1 January 2022		**28,336**	**259,530**	**1,615,749**	**4,375**	**1,181,694**	**3,089,684**
Profit in the reporting period	16	-	-	-	-	745,698	**745,698**
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries		-	-	-	462	-	**462**
Total comprehensive income		**-**	**-**	**-**	***462***	**745,698**	**746,160**
Distribution of prior period profit – dividend	30	-	-	-	-	(20,119)	**(20,119)**
Distribution of retained profits - transfer to supplementary and reserve capital	30	-	-	499,496	-	(499,496)	**-**
As at 31 December 2022		**28,336**	**259,530**	**2,115,245**	**4,837**	**1,407,777**	**3,815,725**

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(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022 transformed data*
Cash flows from operating activities			
Profit before tax		869,182	925,800
Adjustments:			
Amortization and depreciation	24	182,433	154,976
Foreign exchange gains /losses		(11,696)	3,198
Loss on investing activities		24,545	12,040
Net interest	28	157,418	112,381
Other adjustments, net	28	(67,561)	(1,164)
Operating profit before changes in the working capital		**1,154,321**	**1,207,231**
Increase (decrease) in inventories		(344,797)	(984,093)
Change in long- and short-term receivables	28	(596,298)	(372,502)
Change in financial sub-lease receivables		(26,499)	(25,059)
Change in short-term liabilities (including reversed factoring, excluding credits and loans)		477,297	199,329
Change in liabilities due to lease transformed into sub-lease		26,499	25,059
Cash generated by operating activities		**690,523**	**49,965**
Corporate income tax paid	28	(203,855)	(148,327)
Net cash from operating activities		**486,668**	**(98,362)**
Cash flow from investment activities			
Proceeds from the sale of intangible assets, investment property, property, plant and equipment		6,828	4,014
Acquisition of intangible assets, investment property, and property, plant and equipment	7.9	(365,393)	(177,118)
Cost of acquisition of shares in other entities		(2,433)	(1,522)
Repayment of loans granted	28	5,650	4,024
Loans granted	28	(10,740)	(7,203)
Interest received	28	14,162	12,148
Net cash from investing activities		**(351,926)**	**(165,657)**
Repayment of credits and loans	28	(29,150)	(6,475)
Cash inflows on credits and loans	28	279,358	675,478
Payment of lease contracts liabilities	28	(190,594)	(143,810)
Interest paid	27	(173,583)	(124,530)
Dividend paid	30	(10,059)	(20,119)
Net cash from financing activities		**(124,028)**	**380,544**
Net change in cash and cash equivalents		**10,714**	**116,525**
Cash as at the beginning of period		**357,190**	**240,665**
Cash as at the end of period		**367,904**	**357 190**

*description of transformation is to be found in point 3.2 Error correction

Notes to the annual consolidated financial statements

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

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

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

The Group decided not to apply new Standards and Interpretations published and approved by the EU which will become effective following the reporting date. The Group is currently reviewing the impact of the published standards that have not come into force and assesses that, apart from additional disclosures, they are not expected to have a material impact on the consolidated financial statements.

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

1.1. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment property measured at fair value.

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

1.2. Capital Group

The Group structure is described in detail above in section 7 of the Information on Inter Cars SA of these financial statements.

1.3. Functional and presentation currency and transactions in foreign currency

(a) Presentation and functional currency

Assets and liabilities of foreign-based entities, including goodwill and adjustments on fair value as at the purchase date, are translated according to the average National Bank of Poland exchange rate prevailing as at the end of the reporting period. Revenues and costs of foreign entities are translated according to the average National Bank of Poland rate applicable as at the transaction date. Foreign exchange translation differences are recognised under other comprehensive income and disclosed as foreign exchange translation differences of foreign-based entities. If control, significant impact or joint control over a foreign-based entity is lost, the accumulated value of translation differences is reclassified to profit or loss for the current period and recognised as a profit or loss on sales of such an entity.

The financial results, assets and liabilities of entities using functional currencies other than the PLN is translated into PLN according to the following procedures:

● assets and liabilities of each disclosed balance-sheet are translated at the closing rate as at the reporting date,

● revenues and costs in each statement of comprehensive income are translated at average rates prevailing during a reporting period

● foreign exchange gains/losses are recognized in a separate item of equity as foreign exchange gains/losses resulting from translation.

(b) Transactions in foreign currency (other than functional currency for each entity in the Group)

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

Non-cash balance sheet items denominated in foreign currency measured at fair value are translated as per the average exchange rate announced by the National Bank of Poland (or another bank in the case of another functional currency) at the date the fair value is measured. The non-cash items measured at historical cost in foreign currencies are translated by the Group using the exchange rate valid on the transaction date. Translation differences are recognised in profit or loss of the current period

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

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

2.1. Changes in IFRS and their interpretations

The information included in these consolidated financial statements was prepared based on the same accounting principles and calculation methods as those applied in the preceding annual consolidated financial statements for the year 2022.

The new or amended standards and interpretations applicable as of 2023 have no material bearing on the Group's financial statements.

2.2. Standards and interpretations approved by the EU that came into force in 2023:

- Amendments to IAS 1 „*Presentation of Financial Statements*" and the IFRS Board's Guidance on Disclosures about Accounting Policies - Materiality Issues in Accounting Policies, (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 *"Accounting policies, changes in accounting estimates and errors"* - definition of estimates. The change is effective as of 1 January 2023.
- *Amendments to IAS 12 "Income Taxes"*

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

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

The Group has not decided to go ahead with an early application of any standard, interpretation or amendment that has been announced but has not become effective in view of the EU regulations.

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

The Group intends to adopt the below-mentioned new IFRS and their interpretations published by the International Financial Reporting Standards Board, which had not become effective by the date of approval of these consolidated financial statements for publication as per their effective date.

- Amendments to IAS 1 *"Presentation of Financial Statements*: *Classification of liabilities as long- and short-term*"; effective for annual periods commencing as of 1 January 2024,
- Amendments to IFRS 16 „*Lease" – lease liability in sale and leaseback transactions;* effective for annual periods commencing as of 1 January 2024,

At the date of authorisation of these consolidated financial statements for issue, management does not expect the introduction of these other standards and interpretations to have a material impact on the accounting policies applied by the Group.

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

- Amendments to IAS 7 „*Statement of Cash Flows"* and IFRS 7 „*Financial instruments"* disclosures – supplier financing agreements; effective for annual periods commencing as of 1 January 2024,
- Amendments to IAS 21 „*Effects of Changes in Foreign Exchange Rates"* – loss of foreign currency convertibility; effective for annual periods commencing as of 1 January 2025,
- Amendments to IAS 12„*Income Taxes*" – International Tax Reform – Second Pillar model Rules (effective for annual periods commencing as of 1 January 2023 or thereafter - as at the date of these financial statements, not approved by the EU).The Second Pillar model Rules are designed to ensure that large international groups pay taxes of at least 15 per cent on income earned in each jurisdiction in which they operate, through the application of an equalisation tax regime,
- Amendments to IFRS 18 „Presentation and Disclosures in Financial Statements"; effective for annual periods commencing as at 1 January 2027.

The Board is in the process of estimating the future impact of applying the above new standards and interpretations. With regard to the above amendments to the standards, the Board does not expect a material impact on the Group's future results.

(in thousand PLN)

3. Basis of accounting

Presented accounting policies were used equally in all entities comprising the Capital Group. In 2022 there were no changes to the accounting policy, except for the new and amended standards described above. Consolidation is based in the full method. Jointly controlled companies InterMeko Europe Sp. z o.o. and DANXILS sp. z o.o. were estimated with equity method.

3.1. Changes in the accounting policy

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

3.2. Error correction

In the annual consolidated financial statements presented, the comparative figures in the consolidated statement of the financial position, the consolidated statement of cash flows and the notes to the financial statements have been amended from those approved at the end of the 2022 financial year. The changes related to a correction in the presentation of accounts payable for anticipated returns of goods purchased by the Group's customers (previously these accounts payable had erroneously reduced trade receivables).
The above-described error correction had no impact on net profit and earnings and diluted earnings per share for the financial year ended on 31 December 2022 and shareholders' equity as at 31 December 2022 and 1 January 2022.
As a result of the error correction, the following changes were made to the consolidated financial statements.

	31/12/2022 *approved data*	*error correction*	**31/12/2022** *transformed data*
ASSETS			
Non-current assets	**1,450,241**	**-**	**1,450,241**
Current assets	**6,555,300**	**28,505**	**6,583,805**
Trade and other receivables	2,021,397	28,505	2,049,902
Other current assets	4,533,903	-	4,533,903
TOTAL ASSETS	**8,005,541**	**28,505**	**8,034,046**
LIABILITIES			
Capitals and long-term liabilities	**5,212,553**	**-**	**5,212,553**
Short-term liabilities	**2,792,988**	**28,505**	**2,821,493**
Trade and other liabilities	1,191,778	28,505	1,220,283
Other short-term liabilities	1,601,210	-	1,601,210
TOTAL LIABILITIES	**8,005,541**	**28,505**	**8,034,046**

(in thousand PLN)

	01/01/2022 *approved data*	*error correction*	**01/01/2022** *transformed data*
ASSETS			
Non-current assets	1,183,296	-	1,183,296
Current assets	**6,282,666**	**16,189**	**6,298,855**
Trade and other receivables	1 669,278	16,189	1,685,467
Other current assets	3,430,092	-	3,430,092
Current assets	**5,099,370**	**16,189**	**5,115,559**
TOTAL ASSETS	**6,282,666**	**16,189**	**6,298,855**
LIABILITIES			
Capitals and long-term liabilities	**4,165,616**	**-**	**4,165,616**
Short-term liabilities	**2,117,050**	**16,189**	**2,133,239**
Trade and other liabilities	1,124,302	16,189	1,140,491
Other short-term liabilities	992,748	-	992,748
TOTAL LIABILITIES	**6,282,666**	**16,189**	**6,298,855**

Consolidated statement of cash flows

period finished	**31/12/2022** *approved data*	**31/12/2022** *error correction*	**31/12/2022** *transformed data*
Change in trade and other receivables	(360,186)	(12,316)	(372,502)
Change in trade and other liabilities (including reversed factoring, excluding credits and loans)	187,013	12,316	199,329
Cash from operating activities	**49,965**	**-**	**49,965**
Net cash from operating activities	**(98,362)**	**-**	**(98,362)**

3.3. Principles of consolidation

(a) Subsidiary Companies

The subsidiaries are entities controlled by the Parent Company. Under IFRS 10, an investor controls an investee when it simultaneously:

- Exercises authority over the entity that the investment was made in (investee),
- By virtue of its involvement in the investee, it is subject to exposure to variable financial performance or has rights to variable financial performance,
- Has the ability to use its power over the investee to influence its financial performance.

When evaluating the degree of control, the impact of the existing and of potential voting rights are taken into consideration, which, as the report date, may be fulfilled or may be subject to conversion.

The financial statements of subsidiaries are considered in the consolidated financial statement starting from the date of obtaining control over them up to the moment of their expiry.

(b) Jointly controlled companies and subsidiaries

Investments in subsidiaries and jointly-controlled entities are measured using the equity method (investments measured by equity method), and are initially recognised at the purchase cost. The purchase cost of an investment includes transaction costs.

(c) Consolidation adjustments

The balances of internal settlements between entities of the Group, the transactions concluded within the Group as well as any unexecuted profits or losses resulting from there as well as the revenues and costs of the Group are eliminated during drawing up a consolidated financial statement. Unrealised gains on transactions with associated entities are eliminated from the consolidated financial statements pro rata to the Group's interest in such entities. The unexecuted losses are excluded from the consolidated financial statement on the same principle as the unexecuted profits, until the moment of occurrence of the premises indicating value loss.

3.4. Other significant accounting policies

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

(a) Tangible fixed assets

Property, plant and equipment include Group's assets, investment in third-party fixed assets, fixed assets under construction and third-party fixed assets accepted for use by the Group (when pursuant to a contract the potential benefits and risk resulting from their possession are substantially transferred to the Group). The above mentioned constitute assets used for delivery of goods or services and for administrative purposes or for third-party lease, and the anticipated time of their use exceeds one year.

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

The acquisition or production cost includes the costs incurred to purchase or manufacture property, plant and equipment, including capitalised borrowing costs until a property, plant or equipment asset is handed over for permanent use. The costs incurred at a later period are recognized in the balance sheet value, if the Group is likely to obtain economic benefits. The cost of current maintenance of property, plant and equipment are recognized as profit or loss.

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

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

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

(b) Goodwill

Goodwill arising on acquisition of subsidiaries is measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the

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

(c) Intangible assets

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Group attributable directly to a given asset, are recognized as intangible assets. Intangible assets with definite useful lives (between 2 and 8 years) are amortized over their useful lives, starting from the day when a given asset is available to be placed in service. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group of assets that is classified as held for sale) in accordance with IFRS 5 Non-Current Assets Available for Sale and Discontinued Operations, and the date that the asset is derecognized or when it is fully amortized. The amortisable amount of an intangible asset for amortization is determined after deducting its residual value.
The Group has no other intangible assets with an indefinite useful life.

Computer software

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

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

Costs related directly to the production of unique computer software for the Group, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortized over the useful life of a given asset. .

Other intangible assets

Other intangible assets include on-line sales platforms, databases and other intangibles of lower value.

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

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

Costs related directly to the production of unique sales platforms or customer bases for the Group, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortized over the useful life of a given asset.

(d) Investment property

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

(e) Financial instruments

1. Classification and measurement of financial assets

The Group has prepared a detailed analysis of its business models regarding the management of financial assets, as well as an analysis of characteristics of the cash flows resulting from the applicable contracts.

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

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

The classification relies on the financial assets management model adopted by the Group and on the contractual terms of cash flows. The group re-qualifies investments to debt instruments only when the model of managing these assets changes. Debt instruments are maintained for the purposes of contractual flows, which include solely payment of principal and interest (SPPI) are measured by the Group at amortized cost. The Group performs an SPPI test for the loans granted by comparing the total principal and interest with the model instrument according to IFRS 9. The interest revenue is calculated by means of the effective interest rate method and shown in “interest revenue” in the financial result. Impairment write-downs are shown under the “financial assets impairment write downs.” The Group measures the anticipated credit losses related to debt instruments measured at amortized cost.

In 2023 and 2022 the Group did not use external instruments for trade receivables such as factoring. In the course of an analysis of the business model for trade receivables it was determined that all trade receivables are held to be paid - the Group has not nor plans to its trade receivables; they are all held until maturity date. The Group evaluates if the classification test according to IFSR 9, the so-called SPPI test, checking if the cash flows from receivables represent solely the principal and interest. If the test criteria are met, trade receivables are measured at amortized cost. As regards trade receivables, the Group applies a simplified approach provided for in the standard, and, consequently, measures a write-down on anticipated credit losses at an amount equal to the anticipated credit losses throughout an entire lifetime of a receivable. This approach results from the fact that the Group's receivables don not include a material financial elements within the meaning of IFRS 15. For the purposes of calculation of a write-down, the Group uses a provision matrix by means of which revaluation write downs are determined for receivables classified in different overdue ranges. This method provides for historical data related to credit losses and a potential impact of material and identifiable future factors (e.g. market or macroeconomic). The probability of non-payment of a receivable is estimated based on historical data regarding previously unpaid receivables. To assess the parameter of non-payment of receivable by a customer, the Group has created 8 ranges:

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

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

As regards trade receivables, the Group provides also for an individual possibility of determining the anticipated credit losses. This regards in particular: receivables from liquidated or bankrupt debtors, receivables questioned by debtors and of which they are in default, other overdue receivables, as well as non-overdue receivables, where the risk of them being irrecoverable is significant according to the individual assessment of the Management Board (especially where the anticipated legal and collection costs related to an overdue amount are equal to or higher than such amount). In the above situations a write-down on receivables can be created up to 100% of their value.

Currently the Group does not identify negative changes on the market that might result in a negative impact of future factors on the scale of financial losses. The macroeconomic factors (GDP, unemployment) do not justify application of further portfolio write-downs regarding the status of receivables as at the balance sheet date.

The Group applies a 3-level classification of financial assets in terms of their impairment, with the exception of trade receivables:

- Level 1 - balances for which there has not been a significant increase of credit risk since their initial recognition, and for which an anticipated loss is determined based on the probability of non-payment of a receivable within 12 months (i.e. the total anticipated credit loss multiplied by the probability that the loss will occur within the next 12 months);
- Level 2- balances for which there has been a significant increase of credit risk since their initial recognition but there are no objective grounds for impairments, and for which an anticipated loss is determined based on the probability of non-payment of a receivable within an entire contractual lifetime of an asset;
- Level 3- balances with objective grounds for impairment.

Financial assets are recognized, in part or in full, once the Group has done everything possible to collect its receivables and decided that their recovery cannot be reasonably expected. This usually takes place when an asset is more than 360 days overdue (in the case of unrelated parties) and recoverability of receivables is deemed unlikely. Therefore, the profits and losses from changes in the fair value are not subject to further reclassification to the financial result when the Company ceases to recognize investments. Dividends from such investments are recognized in the financial result upon obtaining by the Group the right to receive respective payments.

Impairment write-downs on capital investments measured at fair value in other comprehensive income are presented under “financial asset impairment write-downs.”

(f) Financial liabilities other than derivatives

Debt instruments and subordinated debt are recognized as at their date.

Following their repayment, cancellation or expiration, financial liabilities are removed from the Group’s books.

The Group recognizes financial liabilities other than derivatives as other financial liabilities. Such financial liabilities are initially recognized at fair value plus directly related transactional costs. Following the initial recognition, such liabilities are valued at amortized cost using the effective interest rate method.

(g) Offsets

Financial assets and liabilities are offset against each other and recognized in the financial statements as a net amount only if the Group is authorized to offset particular financial assets and liabilities or intends to settle a particular transaction in net amounts of offset financial assets and liabilities items or intends to utilize financial assets subject to offsetting, and settle the financial liabilities.

(h) Impairment of assets

Financial assets
Impairment losses are recognised in current period profit or loss.
Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date.
For a description of the recognition of the allowance for expected credit losses under IFRS 9, see 3.4 e) Financial instruments.

Non-Financial Assets

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

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

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

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

(i) Lease

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

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

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

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

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

The Group as a Lessee

For contracts where the Group acts as lessee, a unified accounting is applied, whereby the lessee recognises an asset for the right to use the leased asset in correspondence with the liability under the lease contracts. The Group has recognised the lease liabilities measured at the current value of the remaining lease payments, discounting by means of the marginal interest rate as at the date of initial application. The Group has measured the right-of-use asset for particular lease contracts (separately for each contract) in a value equal to a lease liability adjusted by previously recognized prepaid or accrued lease fees.

The assets recognized as right-of-use assets include mainly warehouse and office spaces and premises leased for the purposes of some branches. Contracts are typically for a fixed term of 1 to 7 years or for an indefinite period of time, and may include an option to renew. Many of the leases for property leased for the Group's branches operations contain options to extend and terminate the lease. These are used to provide as much operational flexibility as possible in relation to the management of assets used in the Group's operations. The majority of lease extension or termination options can be exercised by the Group.

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

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

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

Lease payments relating to the option to extend the lease, when exercise of the option is reasonably certain, are also included in the measurement of the liability.
Lease payments are allocated between principal and finance costs. Finance costs are charged to profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the outstanding balance of the lease liability for each period.

Lease payments are discounted using the lease interest rate. If this rate cannot be easily determined - which is the case for most of the Group's leases - the lessee's marginal interest rate is used.
The Group is exposed to potential future increases in variable index or rate-based lease payments, which are not included in the lease liability until they are implemented. Once the adjustments to the index-based or rate-based lease payments take effect, the lease liability is remeasured and adjusted in conjunction with the right-of-use asset.

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

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

Right-of-use assets are depreciated on a linear basis over the useful life of the assets, not exceeding the lease term. In the case of the Group, this is between one and seven years.
Payments relating to short-term leases of equipment and leases of low-value assets are recognised as an expense on a linear basis in the statement of comprehensive income, under selling, general and administrative expenses. Short-term leases represent leases of 12 months or less. Low-value assets include: floor mats, towels, printers or coffee machines.

The Group as a Lessor

Premises, cars and other devices of which the Group is a lessor and which it leases out to its agents running branches are treated as a sublease. The Group sub-leases the property for the same period as the main lease agreement between the Group and the head lessor (the property owner). Therefore, the sub-leasing period represents the greater part of the economic life of the right to use the property. At the commencement date, the Group recognises the leased assets in the statement of financial position and presents them as receivables at an amount equal to the net investment in the lease. These lease liabilities equal the respective sub-lease receivables.

In the case of a sub-lease agreement, the Group is not released from its obligation to the head lessor once the sub-lease agreement has been entered into. According to the provision of the operating lease agreement, the space of which the Group is the lessee may be subleased, but all obligations relating to payments and maintenance of the space in an undamaged condition are to be covered by the Group. Thus, the property owner has no rights or claims against the subtenant and, in the event of the subtenant ceasing to make payments, the Group is in no way relieved of its debt to the property owner.

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

According to the new approach to and interpretation of the standard, all contracts concluded for an indefinite or definite period of time with the possibility of their extension, analysed and qualified as a lease for an anticipated term of a lease contract, estimated individually for each of the contracts taking into consideration, among other things:

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

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

Determination of the lessee’s marginal interest rate

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

To determine the marginal interest rate, the Group:

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

(j) Inventory

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

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

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

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

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

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

(k) Cash

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

(l) Equity

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

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

(m) Loans and borrowings

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

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

In line with IFRS 9, the Group performed an analysis of the present value of the new cash flows resulting from the annex concluded during the reporting period. The Group carried out only a quantitative test, without extending it to an analysis taking into account qualitative factors.

(n) Trade payables and trade payables submitted for factoring

Trade payables represent obligations to pay for goods and services purchased in the ordinary course of business from suppliers. Trade payables are classified as current payables if the payment term is within one year (or in the ordinary course of business if longer). Otherwise, the payables are shown as non-current.

Liabilities other than financial liabilities measured at fair value through profit or loss are measured at adjusted cost at the balance sheet date. In case of short-term liabilities, this valuation corresponds to the amount payable.

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

The payables to suppliers presented in the Group's Statement of Financial Position also include trade payables transferred for debt factoring, which fall into the category "trade". When a payable is transferred to debt factoring, the Group recognises a payable to a factor who, as a result of the statutory subrogation of the receivable, legally assumes the rights and obligations characteristic of trade receivables. Debt factoring is not directly regulated by IFRS and, due to its ambiguous nature, it was necessary for the Group to make a significant judgement regarding the presentation of balances placed under factoring in the statement of financial position and the presentation of the transaction in the statement of cash flows. In the Group's opinion, the following aspects were key in determining the aforementioned presentation of the balance of trade payables submitted for debt factoring as "Trade payables" and not as debt payables:

- from legal point of view, when debt factoring is subrogated, the rights and obligations arising from the liabilities are transferred and not extinguished and new rights and obligations towards the factor are established,

- no additional guarantees are established in connection with the debt factoring and there is no change in the commercial terms relating to breach and cancellation of the agreement,

- the purpose of the programme is not only to improve the Group's liquidity but also to support the suppliers in obtaining more favourable financing in order to build long-term business relationships,

- the agreed payment terms as well as the payment pattern (including interest and discount) do not change with respect to trade payables to a given supplier that are not covered by debt factoring. Therefore, as well as taking into account the agreed interest and discount rate and the term of the extended repayment, the cash flows associated with the liability submitted for debt factoring will not change by more than 10%,

- the costs associated with the debt factoring are borne exclusively by the suppliers. Suppliers bear the cost of discounting in connection with earlier (i.e. before the expiry of the basic term of 60 days as a standard) receipt of payment from the factor,

- the final terms of the factoring are negotiated between the suppliers and the bank, and Inter Cars is not a party to these agreements,

- the factor is the bank and at the moment of subrogation by the factor the creditor changes,

- the suppliers decide whether they want to present their receivables for early redemption and the factor has the right not to accept a given invoice for early financing,

- Inter Cars has information about which supplier and which of its invoices were financed earlier by the factor,

(o) Provisions

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

(p) Revenues

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

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

Identification of a contract with a customer

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

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

Identification of performance obligations

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

The good or service promised to the customer is distinct if both of the following conditions are met:
- the customer can benefit from the good or service either directly or through a link to other resources that are readily available to the customer, and
- the Group's obligation to transfer the good or service to the customer can be identified as separate from other obligations in the contract.

- Sale of goods

The Group’s main objects are the wholesale of goods thorough stationary stores and retail business through an on-line shop.

The revenues are recognized in a particular moment, i.e. when a customer gains control over goods (the moment the goods are released from the warehouse or made available for the customer to collect).

Due to the bonuses and returns policy applied, the Group, following the IFRS 15, decreases the value of the revenues by an estimated cost of the right to return.

- Sale of products

Feber Sp. z o.o., a subsidiary company, produces and sells semi-trailers tippers.

The revenues from the sale are recognized in the profit and loss account if the Feber Company provides the purchaser with significant benefits resulting from the title to such assets and ceases to be permanently involved in the management of such assets and has no effective control over them. In practice, the customer will take delivery of the semi-trailer once the registration of the semi-trailer has been completed at the relevant Department of Transport.

- Sale of services

The Group sells services and these include mainly repair services provided to fleet chains and remanufacturing of automotive parts.

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

- Sale of vehicles

The Group sells ISUZU, FORD Truck and BYD vehicles.
QST sp z o.o. and Armatus sp z o.o. recognise sales revenue when ownership of the vehicle is transferred to the customer, with physical delivery taking place after the vehicle is registered with the relevant Department of Transport.

Determination of the transaction price
In determining the transaction price, the Group takes into account the terms of the contract and its customary business practices. The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes).
Allocation of the transaction price to performance obligations
The Group attributes a transaction price to each performance obligation (or separate good or separate service) in an amount that reflects the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer.

Fulfilment of performance obligations
The Group recognises revenue when it has fulfilled (or is in the process of fulfilling) its performance obligation by transferring the promised goods or services to the customer.
In respect of contracts for continuing services under which the Group has the right to receive remuneration from the customer in an amount that corresponds directly to the value to the customer of the service provided to date, the Group recognises revenue in the amount that it is entitled to invoice.
The Group is not obliged to accept returns of goods and products sold; however, it grants customers the opportunity to return goods under the terms and conditions set out in the General Terms of Sale (GTS). When an asset is transferred to a customer (when the customer obtains control over the asset). The Group may enter into agreements with customers containing variable remuneration (revenue) amounts resulting from discounts, rebates or performance bonuses granted. Such an agreement provides for purchase thresholds based on appropriate increases, beyond which the customer receives a bonus. Normally, the contract is concluded for a period of one year, settled in quarterly cycles.

Principal's remuneration vs. agent's remuneration
Based on its analysis of sales contracts, the Group has identified its role as principal in sales transactions in all areas of activity on the basis of the following:
- it exercises control over the promised goods or services prior to their transfer to the customer,
- it is obliged to deliver a performance consisting in supplying goods or services to the customer,
- the consideration is the gross amount receivable in exchange for the goods or services provided.

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

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

Guarantees

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

Material payment terms

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

There is no material financing element in the Group's customer

(q) Other operating income

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

(r) *Financial revenue*

Financial income mainly comprises income from the sale of financial assets, interest on loans granted and interest on late payment of receivables.

(s) Operating expenses

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

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

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

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

Re-invoiced amounts reduce the respective cost item s of the Group.

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

(t) Finance expenses

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

(u) Income tax

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

Deferred tax is not recognised in the following cases:
temporary differences resulting from initial recognition of assets or liabilities related to a transaction other than a merger, which does not affect the profit or loss of the current period nor the taxable income;
temporary differences resulting room investments in subsidiaries in the period when it is unlikely that they will be sold in a foreseeable future;
temporary differences resulting from initial recognition of goodwill.
Deferred income tax is determined with the use of the tax rates, which, according to forecasts, will be applied when the temporary differences will reverse. The tax regulations legally or actually binding up to the reporting date will apply.
Deferred tax asset and deferred tax liability are offset if the Company holds an exercisable right to offset corporate income tax receivable and payable and if the deferred tax asset and deferred tax liability refer to the corporate income tax levied on the same taxpayer by the same tax authority.

(w) Valuation of shares in affiliated entities

Shares in affiliated entities are valued according to the equity method.

4. Significant evaluations and estimates

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

- Note 11 Deferred tax (the Management Board analyses whether or not there is a possibility of using tax losses in subsidiary companies and assesses uncertainty of forecast changes in tax laws in force),
- Note 12 Impairment losses on stock (the Management Board analyses whether or not there is a possibility of impairment of stock. In the event of identification of impairment, net obtainable values are to be evaluated),
- Note 13 Impairment loss on receivables (as at the balance sheet date, the Group evaluates whether or not there is evidence of impairment of a receivable or a group of receivables. If the recoverable value of an asset is lower than its carrying value, the Group creates an impairment loss to the level of the current value of planned cash flows),
- Note 7/8/9 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets (the amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board of the Parent Company also evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined).

- Note 9 Intangible assets
  The Group performs impairment tests for goodwill on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of cash-generating units was determined based on a value-in-use calculation that required the use of assumptions. The calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five-year period are extrapolated using estimated growth rates. These growth rates are in line with industry forecasts.
- Note 19 Liabilities and receivables due to lease transformed into sub-lease. According to the assessment of the Group's Management Board, the agreements for the lease of warehouse and office space intended for branch operations, where the Group, on the one hand, is the lessee (leases space from third parties) and, on the other hand, is the lessor (leases the same space to the branch owner), contain a lease. The ultimate party to the agreement is the branch owner, who has the right to receive substantially all the economic benefits of the space used and the right to manage the asset.
- Note 20 Trade and other liabilities - passed for factoring
  In the Group's judgement the balances of trade payables submitted for debt factoring should be presented as 'Trade payables' together with other trade payables and not as debt liabilities. The factors that influenced the Board to make this judgement are described in section 3.4 (m) of these statements
- Note 18/19 Lease liabilities/ Liabilities and receivables due to lease transformed into sub-lease
  All leases entered into for an indefinite or fixed term with the possibility of renewal have been analysed in detail and classified as leases for the expected lease term individually estimated for each contract, taking into account existing business plans and other contracts justifying using a leased object over a given period. The assumed lease term is subject to update at the end of each quarter when the option to extend or reduce the lease term is exercised. For contracts without a contractually specified end date, the previously assumed lease term is extended by a further three months or reduced to its actual value if, in the opinion of the Management Board, there is economic and business justification for doing so.
- Note 12 Inventory, Note 13 Trade and other receivables, Note 20. Trade and other liabilities
  One of important estimates of the Management Board of the Group are the estimates on trade bonuses from suppliers on purchase of trade goods. Bonuses for the Group, calculated on realization of purchase plans, are included in expected values and included in the results or inventories, proportionally to rotation of sold merchandise.
- Note 22 Sales revenue (The Board assesses whether the nature of the promise constitutes a performance obligation to provide the Group with certain goods or services (in this case the Group is the ordering party).

5. Operating segments

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. As a separate segment, sales of spare parts made by the company in Ukraine were additionally disclosed. The reason for separation of the additional disclosure in the presentation of the operating segments is the different economic and business situation in the war zones. In addition, the companies Feber, Lauber, IC Development & Finance, Q-Service Truck, Inter Cars Marketing Services, ILS and Inter Cars Fleet Services Sp. z o.o. are active in other insignificant business segments, such as the manufacture of semi-trailers, remanufacturing of spare parts, real estate development, running repair garages, dealership of trucks and commercial vehicles, marketing activities and logistics and management of fleet of motor vehicles in the area of vehicle repairs. This segment is presented as other sales.
The Inter Cars Capital Group applies uniform accounting principles to all segments. Transactions between particular segments are carried out at arm’s length.

(in thousand PLN)

	Sale of spare parts		**Sale of spare parts Ukraine**		**Other**		**Eliminations**		**Total**	
	01/01/2023 - 31/12/2023	**01/01/2022 - 31/12/2022**	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**	**01/01/2023 - 31/12/2023**	**01/01/2022 - 31/12/2022**
Revenues from external customers	15,944,785	14,393,410	614,485	474,563	1,471,039	417,128	-	-	18,030,309	15,285,101
Revenues between segments	22,333	7,363	-	-	492,656	848,216	(514,989)	(855,579)	-	-
Interest revenue	*23,829*	*19,047*	-	-	-	*10*	*(6,222)*	*(3,722)*	*17,607*	*15,335*
Interest costs	*(173,440)*	*(130,129)*	-	-	*(2,987)*	*(1,483)*	*6,237*	*3,740*	*(170,190)*	*(127,872)*
Amortization and depreciation	*(153,295)*	*(127,801)*	-	-	*(40,575)*	*(38,605)*	*11,437*	*11,430*	*(182,433)*	*(154,976)*
Profit before tax	**845,534**	**1,010,574**	**37,242**	**(24,681)**	**85,260**	**67,196**	**(98,854)**	**(127,289)**	**869,182**	**925,800**
Shares in results of affiliates – using equity method	-	**-**	**-**	**-**	-	**-**	-	**-**	-	**-**
Total assets	**12,327,264**	**10,825,658**	**139,554**	**142,630**	**737,587**	**665,227**	**(3,933,269)**	**(3,627,974)**	**9,271,136**	**8,005,541**
Capital expenditure (for purchasing tangible assets, intangible assets and investment property)	(365,393)	(177,118)	-	-	-	-	-	-	(365,393)	(177,118)
Total liabilities	**7,430,347**	**6,571,140**	**72,534**	**95,453**	**343,147**	**221,746**	**(3,012,360)**	**(2,698,523)**	**4,833,668**	**4,189,816**

(in thousand PLN)

6. Supplementary information

For information on key products and services and the geographical breakdown of sales, see Note 22.
The vast majority of the Group's non-current assets are situated in Poland. Information on fixed assets corresponding to the geographical breakdown is presented in the chart below:

	31/12/2023	31/12/2022
Fixed assets on the territory of Poland	1,237,292	1,029,364
Fixed assets outside the territory of Poland	482,947	420,877
Total fixed assets	**1,720,239**	**1,450,241**

The Group does not have key customers due to the nature of its operations. For more information see Note 13.

7. Tangible fixed assets

	31/12/2023	31/12/2022
Land	74,164	46,497
Buildings and structures	288,183	193,672
Plant and machinery	182,854	161,173
Vehicles	56,591	46,544
Other tangible assets (including warehouse equipment)	154,168	81,424
Tangible assets under construction	24,473	15,961
Total property, plant and equipment	**780,433**	**545,271**

The Group's right to dispose of any item of property, plant and equipment held by the Group, except for those used under lease agreements, is not restricted in any way. Land properties owned by Inter Cars S.A. with a value of PLN 48,112 thousand. according to the valuation of 27 February 2018, are mortgaged to secure a loan granted by a consortium of banks.

Borrowing costs

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

(in thousand PLN)

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Real estate for sale	Plant and machinery	Vehicles	Other tangible assets (including warehouse equipment)	Tangible assets under construction	Total
Gross value as at 01/01/2022	**43,981**	**254,420**	**8,078**	**294,822**	**80,741**	**269,676**	**1,649**	**953,367**
Increase	**3,374**	**10,330**	**-**	**58,183**	**31,752**	**34,958**	**14,598**	**153,195**
Acquisition	3,374	10,326	-	57,540	28,842	34,623	16,008	**150,713**
Transfer	-	4	-	643	428	335	(1,410)	**-**
Other	-	-	-	-	2,482	-	-	**2,482**
Decrease	**(151)**	**(647)**	**(8,078)**	**(11,329)**	**(12,753)**	**(2,340)**	**(287)**	**(35,585)**
Sale		(310)	(8,078)	(8,515)	(12,173)	(788)	-	**(29,864)**
Liquidation	-	(37)	-	(3,169)	(965)	(1,819)	-	**(5,990)**
Foreign exchange gains /losses in subsidiaries	(151)	(300)	-	355	385	267	(287)	**269**
Gross value as at 31/12/2022	**47,204**	**264,103**	**-**	**341,676**	**99,740**	**302,294**	**15,960**	**1,070,977**
Increase	**27,774**	**105,364**		**58,809**	**34,480**	**108,448**	**8,481**	**342,356**
Acquisition	868	2,103		32,321	27,733	69,402	204,609	**337,036**
Transfer	26,906	103,261		26,488	427	39,046	(196,128)	**-**
Other	-	-		-	5,320	-	-	5,320
Decrease	**(74)**	**(2,985)**		**(12,575)**	**(13,729)**	**(9,643)**	**32**	**(38,974)**
Sale	-	(448)		(5,035)	(10,738)	(4,549)	-	**(20,770)**
Liquidation	-	(1,513)		(495)	(1,130)	(430)	-	**(3,568)**
Foreign exchange gains /losses in subsidiaries	(74)	(1,024)		(7,045)	(1,861)	(4,664)	32	**(14,636)**
Gross value as at 31/12/2023	**74,904**	**366,482**		**387,910**	**119,491**	**401,099**	**24,473**	**1,374,359**

In March 2023, ILS sp. z o.o. began construction of a new warehouse building in Zakroczym. The investment, with a total value of around PLN 300 million, is scheduled for completion at the beginning of the second quarter of 2024. Thanks to the development, the storage space in Zakroczym is expected to increase from 65,000 sq. m to 107,000 sq. m. As part of the investment, it is also planned to automate and robotise logistics processes in the existing halls. The basic idea behind the development and modernisation of the facility was to streamline the goods warehouse receipt and release process and increase efficiency. To date, the investment costs incurred in 2023 amounted to PLN 246,395 thousand. The investment has been partially put into use.
Other expenditures on fixed assets are of a replacement nature.

(in thousand PLN)

AMORTISATION AND IMPAIRMENT LOSSES

	Land	Buildings	Real estate for sale	Plant and machinery	Vehicles	Other tangible assets (including warehouse equipment)	Tangible assets under construct ion	Total
Accumulated depreciation as at 01/01/2022	**680**	**62,316**	**-**	**163,629**	**51,049**	**194,379**	**-**	**472,053**
Amortization and depreciation	27	8,140	-	23,674	12,922	27,974	-	**72,737**
Sale	-	(1)	-	(5,118)	(10,127)	(688)	-	**(15,934)**
Liquidation	-	(24)	-	(1,682)	(648)	(796)	-	**(3,150)**
Accumulated depreciation as at 31/12/2022	**707**	**70,431**	**-**	**180,503**	**53,196**	**220,869**	**-**	**525,706**
Amortization and depreciation	33	8,335	-	29,168	16,073	29,055	-	**82,664**
Sale	-	(416)	-	(4,183)	(6,190)	(2,564)	-	**(13,353)**
Liquidation	-	(51)	-	(432)	(179)	(429)	-	**(1,091)**
Accumulated depreciation as at 31/12/2023	**740**	**78,299**	**-**	**205,056**	**62,900**	**246,931**	**-**	**593,926**

As at 01 January 2022	**43,301**	**192,104**	**8,078**	**131,193**	**29,692**	**75,297**	**1,649**	**481,314**
As at 31 December 2022	**46,497**	**193,672**	**-**	**161,173**	**46,544**	**81,425**	**15,960**	**545,271**
As at 01 January 2023	**46,497**	**193,672**	**-**	**161,173**	**46,544**	**81,425**	**15,960**	**545,271**
As at 31 December 2023	**74,164**	**288,183**	**-**	**181,920**	**57,525**	**154,168**	**24,473**	**780,433**

Depreciation and amortisation of tangible fixed assets is recognised under Cost, general and administrative expenses in the Statement of Comprehensive Income.

(in thousand PLN)

8. Right-of-use assets

The right-of-use assets result mainly contracts of lease of storage and office spaces used for conducting the Group's core activity, as well as cars, forklifts, racks, and warehouse scanners.

	Points of Sale floor space	vehicles	Office, warehouse space and other	Other	Total
GROSS VALUE OF BENEFICIAL INTEREST					
Value as at 01 January 2022	**290,180**	**4,085**	**76,489**	**8,928**	**379,682**
Conclusion of new agreements	18,038	2,083	281,158	5,360	306,639
Decreases	-	1,262	74,794	50	76,106
Value as at 31 December 2022	**308,218**	**4,906**	**282,853**	**14,238**	**610,215**
Conclusion of new agreements	2,729	2,999	104,268	6,188	116,184
Decreases	2,570	311	14,432	4,667	21,980
Value as at 31 December 2023	**308,377**	**7,594**	**372,689**	**15,759**	**704,419**
AMORTISATION AND IMPAIRMENT LOSSES					
Amortization as at 01 January 2022	**101,068**	**1,386**	**40,221**	**2,031**	**144,706**
Amortization and depreciation	34,057	943	36,055	1,491	**72,546**
Amortization as at 31 December 2022	**135,125**	**2,329**	**76,276**	**3,522**	**217,252**
Amortization and depreciation	40,755	1,781	37,564	1,780	**81,880**
Amortization as at 31 December 2023	**175,880**	**4,110**	**113,840**	**5,302**	**299,132**
NET VALUE					
As at 01 January 2022	**189,112**	**2,699**	**36,268**	**6,897**	**234,976**
As at 31 December 2022	**173,093**	**2,577**	**206,577**	**10,716**	**392,963**
As at 31 December 2023	**132,497**	**3,484**	**258,849**	**10,457**	**405,287**

In 2023, increases due to the conclusion of new contracts for the lease of office and warehouse space, points of sale, means of transport and other assets amounted to PLN 28,605 thousand. The remaining amount of the increases, i.e. PLN 87,578 thousand, is due to an update of the lease extension for the assets. Gross decreases relate to the shortening or expiry of the lease term.
Depreciation and amortisation is recognised under Cost, general and administrative expenses in the Statement of Comprehensive Income.

(in thousand PLN)

9. Intangible assets

	31/12/2023	31/12/2022
Goodwill, including:	124,130	124,130
- goodwill from merger with JC Auto S.A.	*124,130*	*124,130*
Computer software	20,503	22,472
Other intangible assets, including:	28,504	36,407
- other	*28,504*	*36,407*
Intangible assets under construction	24,875	13,065
	198,012	**196,074**

Impairment test

The Group performed an impairment test , at the level of the group of cash generating units (CGUs) to which the goodwill from the merger with JC Auto was allocated, which is included in the parts segment. The recoverable amount was based on an estimation of value in use. No impairment was identified based on the test.

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

- Cash flow projections used to estimate the value in use estimated for the entire group of CGUs that fall into the spare parts segment.
- The data used for the estimates for 2024 was prepared based on the approved budget and provides for a 6.3% increase of EBIT (operating profit before interest and tax), whereas the data for 2025-2028 prepared based on the financial forecasts of the Inter Cars Group provide for an annual increase of EBIT of approx. 7.1% and annual revenue growth of around 1.1%.
- Cash flow for the following years was estimated based on annual revenue growth rate of 1.1% and annual EBIT growth of 7.1%
- The discount rate used to calculate the value in use was 13.7% and was estimated based on the weighted average cost of capital (WACC)
- The surplus of the recoverable value over the book value of the tested assets amounted to PLN 9,581 million.

The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations (including goodwill), for the CGUs as a whole, which fall into the spare parts segment.

In the previous year, the assumptions for the impairment test performed were as follows:

- Cash flow projections used to estimate the value in use
  estimated for the entire spare parts segment.
- The data used for the projection for 2023 was prepared on the basis of the approved
  budget and assumes EBIT growth of 6.3%, while the data for 2024-2027 is prepared
  on the basis of the Inter Cars Group's financial forecast and assumes EBIT growth of approximately 6.3%
  per year and revenue growth of approximately 1.1% per year.
- Cash flows for remaining years were estimated based on a real growth rate
  of 1.1% and EBIT growth by 6.3% per annum.
- The discount rate applied to calculate the useful value was 10.3% and was
  estimated on the basis of the weighted average cost of capital (WACC).
- The surplus of the recoverable value over the book value of the tested assets amounted to
  PLN 7,399 million

None of the intangible assets held by the Group is subject to limited right of use.

(in thousand PLN)

Borrowing costs

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

GROSS VALUE OF INTANGIBLE ASSETS

	Goodwill	Computer software	Other intangible assets	Intangible assets under construction	Total
Gross value as at 01/01/2022	**124,130**	**101,836**	**92,058**	**13,922**	**331,946**
Acquisition	-	6,965	2,061	17,379	26,405
Transfer from investments	-	8,043	8,115	(16,158)	-
Liquidation	-	(7,073)	(996)	(2,078)	(10,147)
Gross value as at 31/12/2022	**124,130**	**109,771**	**101,238**	**13,065**	**348,204**
Acquisition	-	6,418	335	16,284	23,037
Transfer from investments	-	3,217	1,257	(4,474)	-
Liquidation	-	(1,587)	(4,562)	-	(6,149)
Gross value as at 31/12/2023	**124,130**	**117,819**	**98,268**	**24,875**	**365,092**

AMORTISATION AND IMPAIRMENT LOSSES OF INTANGIBLE ASSETS

	Goodwill	Computer software	Other intangible assets	Intangible assets under construction	Total
Accumulated depreciation as at 01/01/2022	**-**	**82,641**	**57,518**	**-**	**140,159**
Amortisation for period	-	11,143	7,810	-	18,953
Foreign exchange gains /losses	-	59	(31)	-	28
Other	-	(6,544)	(466)	-	(7,010)
Accumulated depreciation as at 31/12/2022	**-**	**87,299**	**64,831**	**-**	**152,130**
Amortisation for period	-	10,632	7,258	-	17,890
Foreign exchange gains /losses	-	507	973	-	1,480
Liquidation	-	(1,122)	(3,298)	-	(4,420)
Accumulated depreciation as at 31/12/2023	**-**	**97,316**	**69,764**	**-**	**167,080**
Net value					
As at 01/01/2022	**124,130**	**19,195**	**34,540**	**13,922**	**191,787**
As at 31 December 2022	**124,130**	**22,472**	**36,407**	**13,065**	**196,074**
As at 01/01/2023	**124,130**	**22,472**	**36,407**	**13,065**	**196,074**
As at 31 December 2023	**124,130**	**20,503**	**28,504**	**24,875**	**198,012**

The Other intangible assets group includes sales platforms and customer databases and sales markets. The Group's intangible assets under construction mainly comprise licences, applications, sales platforms and software, which are elements of a comprehensive IT system that the Group intends to take into use in the coming years.
Depreciation and amortisation of intangible assets is recognised under Cost, general and administrative expenses in the Statement of Comprehensive Income.

(in thousand PLN)

10. Investments in associates

	2023	2022
As at 1 January	**3,642**	**2,037**
Increase, including:	**4,394**	**2,056**
- purchase of shares in Brillant 3907 GMBH (later: Inter Cars Deutschland GmbH)	-	131
- share in results of InterMeko	545	424
- contribution to the share capital Inter Cars Albania SHA	153	-
- contribution to the share capital ILS Adriatic Logistica d.o.o.	11	-
- increase in share capital in DANXILS sp. z o.o.	2,269	-
- increase in share capital in OOO Inter Cars AutomobilnaTechnika	188	-
- transfer from investments for sale	1,228	-
- other	-	1,501
Decrease, including:	**(1,620)**	**(451)**
- sale of shares of Partslife International Polska Sp. z o.o.	-	1
- transfer of IC NO to consolidation	(26)	-
- transfer of Inter Cars Deutschland GmbH to consolidation	(131)	-
- impairment of shares in OOO Inter Cars AutomobilnaTechnika	(188)	(450)
- other	(1,275)	-
As at 31 December	**6,416**	**3,642**

11. Deferred tax

Deferred Tax Assets and Liabilities

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

As at 31 December 2023	**Assets**	**Liabilities**
Intangible assets	1,193	1,156
Tangible fixed assets	3,556	14,608
Investment property	161	-
Inventory	68,365	5,326
Trade and other receivables	7,819	17,107
Lease liabilities	1,212	-
Trade and other payables	29,524	171,319
Deferred tax assets/liabilities	**111,830**	**209,516**
Deferred tax offset against liabilities	(88,049)	(88,049)
Deferred tax liabilities as disclosed in the balance sheet	**23,781**	**121,467**

As at 31 December 2022	**Assets**	**Liabilities**
Intangible assets	1,193	399
Tangible fixed assets	3,571	13,783
Investment property	310	-
Inventory	60,564	15,642
Trade and other receivables	8,951	2,116
Lease liabilities	519	-
Trade and other payables	16,122	92,323
Deferred tax assets/liabilities	**91,230**	**124,263**
Deferred tax offset against liabilities	(70,300)	(70,300)
Deferred tax liabilities as disclosed in the balance sheet	**20,930**	**53,963**

The most significant deferred tax item is the asset created on the balance sheet item Inventories. It results from the temporary difference between the tax and balance sheet value arising from trade bonuses from suppliers. The asset will be realised when the goods are sold.

Assets compensation and deferred income tax provision in parent company and subsidiaries.
In the 12-month period from the balance sheet date of these financial statements, PLN 56,932 thousand of the asset and PLN 167,962 thousand of the deferred tax liability will be realised.

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

As at 1 December 2023, an income tax asset resulting from potential tax benefits from the operation of the subsidiary ILS sp. z o.o. in the special economic zone in Zakroczym was not recognized The asset of PLN 50 m was created as a result of an investment by the company entitled to a tax relief. Because of uncertainty of estimated future pecuniary advantages, the Group did not decide to make an asset for this tax allowance. Terms of execution of the tax allowance were described in the Permission number 152/2014 of 25 June 2016 issued for ILS Company, for running business activities in the Warmian-Mazurian Special Economic Zone. The ILS sp. z o.o. is entitled to deduct the taxes on income by maximum amount of 50% of qualified spendings. Possibility of execution becomes void as at 31 December 2026 and the ILS sp. z o.o. can take advantage only after qualified investment spendings have been born in the amount of at least PLN 155 million till 31 December 2018, and current employment has been increased by at least 200 positions, and the level is kept on this level till at least 31 December 2023.

Change in deferred tax assets	**2023**	**2022**
As at beginning of period	91,230	105,152
Increase	20,600	(13,922)
As at end of period	**111,830**	**91,230**

Change in deferred tax liabilities	**2023**	**2022**
As at beginning of period	124,263	146,223
committed in the reporting period	85,253	(21,960)
As at end of period	**209,516**	**124,263**

Changes in deferred tax have been recognised in full in the Statement of Comprehensive Income under income tax.

	31/12/2022	**Effect on net profit**	**31/12/2023**
Deferred tax assets	91,230	20,600	111,830
Deferred tax liabilities	(124,263)	(85,253)	(209,516)
	(33,033)	**(64,653)**	**(97,686)**

12. Inventory

	31/12/2023	**31/12/2022**
Materials	66,960	83,365
Half-products and work in progress	13,853	7,180
Finished goods	11,452	9,173
Merchandise	4,321,299	3,973,794
Right to return the merchandise	27,340	22,594
	4,440,904	**4,096,106**
Merchandise	4,334,258	3,985,912
Impairment	(12,959)	(12,118)
	4,321,299	**3,973,794**

(in thousand PLN)

The value of materials mainly comprises materials used in the production of trailers at Feber sp z o.o. and materials used in the remanufacturing of used car parts at Lauber sp z o.o.

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

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

Inventories with a value of PLN 3,186 million have been pledged as collateral to secure the repayment of bank loan (details – see note 18).

The amount of the inventory write-down of PLN 841 thousand was recognised in the statement of comprehensive income under other operating revenues. In 2022, the amount of the inventory write-down recognised in the statement of comprehensive income was PLN 1,503 thousand.

Change in impairment losses on inventories

	2023	2022
As at beginning of period	(12,118)	(10,615)
(increase) / decrease	(841)	(1,503)
As at end of period	**(12,959)**	**(12,118)**

13. Trade and other receivables

	31/12/2023	31/12/2022 Transformed data
Trade receivables	1,582,236	1,373,573
Receivables from suppliers on trade bonuses	630,655	427,385
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	287,645	137,974
Other receivables and accrued expenses	176,243	136,339
Loans granted	4,438	2,233
Short term trade and other receivables – gross	**2,681,216**	**2,077,504**

As at 31 December 2023, taxes, subsidies, customs duty, social security, health insurance and other benefits receivable included mainly VAT receivables.

The item “Other receivables and accrued expenses” mainly included prepayments of PLN 116,625 thousand, and other receivables such as deposits, paid guarantees in commercial tenders, receivables from insurers and settlements with employees and branch owners.

Change in impairment loss on trade receivables and other receivables

	2023	2022 Transformed data
Status as at the beginning of the period	(27,602)	(23,941)
Increase	(8,120)	(5,664)
Used	8,995	2,003
Status as at the end of the period	**(26,727)**	**(27,602)**
Short-term trade and other receivables – net	**2,654,489**	**2,049,902**

The amount of the write-down of receivables of PLN 875 thousand in 2023 (PLN 3,661 thousand in 2022) was recognised in the statement of comprehensive income under Other operating income (Other operating expenses in 2022).

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

(in thousand PLN)

Maturity structure of non-current gross trade receivables and other receivables	**31/12/2023**	**31/12/2022**
		transformed
Up to 12 months	2,681,216	2,077,504
	2,681,216	**2,077,504**

Maturity structure of receivables	**31/12/2023**		**31/12/2022**	
	Gross	**Impairment**	**Gross**	**Impairment**
Unmatured	2,308,180	1,867	1,746,358	1,403
From 1 to 30 days	248,002	312	199,732	839
From 31 to 60 days	52,142	193	39,886	534
From 61 to 90 days	16,267	689	7,369	1,185
From 91 to 180 days	14,003	750	5,363	1,754
From 181 to 270 days	7,323	1,199	3,911	1,705
From 271 to 360 days	4,688	862	4,021	1,156
Over 1 year	30,612	20,855	42,359	19,026
Total	**2,681,216**	**26,727**	**2,048,999**	**27,602**

Currency structure of non-current trade and other receivables (gross)	**31/12/2023**	**31/12/2022**
Local currency	1,281,195	879,274
Foreign currencies	1,400,021	1,169,725
	2,681,216	**2,048,999**
Receivables in EUR	955,676	723,728
Receivables in other currencies	444,345	445,997
	1,400,021	**1,169,725**

Loans granted	**31/12/2023**	**31/12/2022**
Current loans	4,438	2,233
Non-current loans and borrowings	13,837	10,926
	18,275	**13,159**

Non-current receivables	**31/12/2023**	**31/12/2022**
Non-current loans and borrowings	13,837	9,385
Security deposits	16,759	23,696
Other	2,661	3,375
	33,257	**36,456**

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

Credit and currency risks are discussed in Note 33.

Non-current receivables include security deposits under lease agreements paid by the Group, as well as non-current loans.

The loans bear an interest of: 1M WIBOR or EURIBOR 3M (in the case of EUR-denominated loans), plus a margin of 1% to 5%.

The loans are not secured.

(in thousand PLN)

14. Cash

	31/12/2023	31/12/2022
Cash in hand	18,520	17,327
Cash at bank	296,381	284,647
On VAT split payment bank accounts	4,221	14,133
Cash in transit	47,999	40,391
Cash on accounts of the Company's Social Benefits Fund	783	692
Cash	**367,904**	**357,190**

Cash	**31/12/2023**	**31/12/2022**
In local currency	60,491	54,612
In foreign currencies	307,413	302,578
	367,904	**357,190**

The credit risk concentration with respect to cash is limited as the Group deposits cash in reputable financial institutions with mainly highest, medium-high and medium rating levels. The level of cash concentration as at 31 December 2023 taking into account the credit rating of financial institutions is as follows:
Rating AAA to AA- (highest) - 6%
Rating A+ to A- (medium-high) - 23%
Rating BBB+ to BBB (medium) - 45%
Rating BB+ to BB (low) - 5%
Cash at other financial institutions - 2%
Cash in hand, cash in transit and other cash - 19%.

As at 31 December 2022 the level of concentration was as follows:
Rating AAA to AA- (highest) - 19%
Rating A+ to A- (medium-high) - 17%
Rating BBB+ to BBB (medium) - 21%
Rating BB+ to BB (low) - 13%
Cash at other financial institutions - 10%
Cash in hand, cash in transit and other cash - 20%.

15. Share capital and share premium account

As at 31 December 2023, the share capital of parent entity - Inter Cars S.A. was composed of 14,168,100 Series A to F ordinary bearer shares with par value PLN 2 per share; there are no restrictions on any rights conferred by the shares. All shares have been paid. All shares have been admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission and introduced to trading on the Warsaw Stock Exchange. All shares are equal and have the same rights. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

The supplementary capital comprises the value of resources, contributed to the entity for an indefinite period of time, in excess of their value declared to be contributed and included in the share capital, and the value of profits retained in the company but which may be withdrawn from it.

Foreign exchange gains /losses on the translation of subsidiaries arise from the translation into Polish currency of equity at the historical exchange rate and at the balance sheet exchange rate, as well as from the translation of net income at the average exchange rate and the exchange rate at the balance sheet date

(in thousand PLN)

	Number of shares	Date of admission to trading	Right to dividend (since)	Par value (in PLN)	Issue price (PLN)	Share premium (in PLN)
Series A	200,000	14/05/2004	1999	400,000	2.00	-
Series B	7,695,600	14/05/2004	1999	15,391,200	2.00	-
Series C	104,400	14/05/2004	1999	208,800	2.00	-
Series D	2,153,850	14/05/2004	2001	4,307,700	6.85	10,448,676
Series E	1,667,250	14/05/2004	2002	3,334,500	8.58	10,966,504
Series G	1,875,000	14/03/2008	2007	3,750,000	122.00	225,000,000
Series F1	10,001	06/08/2007	2008	20,002	33.59	315,932
Series F2	30,000	25/06/2008	2008	60,000	37.13	1,053,900
Series F1	147,332	06/08/2007	2009	294,664	33.59	4,654,218
Series F2	127,333	25/06/2008	2009	254,666	37.13	4,473,208
Series F3	157,334	21/12/2009	2009	314,668	18.64	2,618,038
	14,168,100			**28,336,200**		**259,530,476**

16. Net profit per share

Basic profit per share

Net profit per share calculated based on net profit for the period in the amount of PLN 700,297 thousand (2022: PLN 745,698 thousand) and the weighted average number of shares – 14,168 thousand (2022: PLN 14,168 thousand): presented below:

Weighted average number of shares	**2023**	**2022**
Shares issued as at 1 January	14,168,100	14,168,100
Weighted average number of shares during the year	**14,168,100**	**14,168,100**

Basic profit per share	**2023**	**2022**
Net profit for period	700,297	745,698
Weighted average number of shares	14,168,100	14,168,100
Net earnings per 1 share (in PLN)	49.43	52.63

Diluted earnings per share

In 2023 and 2022 there were no open motivating programs not other instruments in the Group, which might have diluting influence. Therefore, the diluted profit per share equals the basic profit per share.

17. Liabilities due to borrowings and other debt instruments

This Note contains information on the Group’s liabilities under loans, borrowings and other debt instruments valued at amortised cost. For information on the Group’s exposure to currency, interest rate and liquidity risks, see Note 33.

The syndicated credit facility agreement

On 28 November 2023, an extension request to the term and revolving credit agreement dated 14 November 2016 was approved. The purpose of the proposal was to allow the maturity date of the revolving credit facilities to be moved. The lenders agreed to change the maturity date of the revolving credit facilities to 15 December 2023.

(in thousand PLN)

The syndicated credit facility agreement (cont.)

On 7 December 2023, an annex was signed to the term and revolving credit contracts. Following the conditions of the annex, the date of repayment of the term loan was extended to 30 November 2026 and the maximum total loan amount was increased by PLN 156,000,000 and is now PLN 994,814,000. At the same, the of repayment of the revolving credit was extended to 29 November 2024 and the maximum total amount was increased by PLN 244,000,000 and is now PLN 1,549,373,500.

The signed annex to the syndicated agreement includes sustainability linked-loans provisions, including the achievement of the sustainability targets (KPIs) set out in the annex in terms of reducing the carbon footprint, the percentage increase in the rate of return of cores to remanufactured parts suppliers and the increase in the participation of women in the 'Accelerator' scholarship programme implemented by the Inter Cars Foundation.

The performance of the targets in question will be able to affect the margins indicated in the loan agreement, in accordance with the detailed provisions of the annex in this respect.

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

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

Bank credits concluded directly by subsidiary companies:

Inter Cars Českárepublikas.r.o. has a credit line facility at Raiffeisenbanka.s. for: with a limit of CZK 200 million (PLN 35,180 thousand) repayable by 28 February 2025.

Inter Cars Romania s.r.l. has a credit line facility with RON 70m limit (PLN 61,194 thousand) in Bank ING Bank N.V repayable by 29 November 2024.

Inter Cars INT d.o.o. concluded a loan agreement with SKB Banka in the amount of EUR 8 million (PLN 34,784 thousand) repayable by 27 November 2024 and an investment loan with the same bank in the amount of EUR 1.3 million (PLN 5,652 thousand), repayable by 1 August 2025.

On 30 November 2023, Inter Cars Bulgaria Ltd concluded an annex to the loan agreement with United Bulgarian Bank AD (formerly KBC Bank Bulgaria EAD) increasing the limit to EUR 30 million (PLN 130,440 thousand) with a maturity date of 31 October 2025.

Inter Cars d o.o. Bosnia and Herzegovina concluded a credit agreement with Bank Intesa Sanpaolo Banka d.d. for the amount BAM 6 million (PLN 13,252 thousand), repayable by 30 April 2026.

Non-current	**31/12/2023**	**31/12/2022**
Secured bank loans	929,206	728,874
Lease liabilities	631,950	607,784
	1,561,156	**1,336,658**

Current	**31/12/2023**	**31/12/2022**
Secured bank loans	1,190,424	1,158,567
Lease liabilities	181,039	169,970
	1,371,463	**1,328,537**

Loans and borrowings as at 31/12/2023

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	**1,549,374**	**1,080,251**	29/11/2024
Inter Cars S.A.		1,040,523	
Inter Cars SlovenskaRepublikas.r.o.		31,044	
Lauber Sp. z.o.o.		8,684	
ING Bank N.V. (Inter Cars Romania s.r.l.)	**61,194**	**48,946**	29/11/2024
Raiffeisen a.s. (Inter Cars Českárepublikas.r.o)	**35,180**	**28,244**	28/02/2025
SKB Banka (ICSI - Inter Cars INT D o.o.)	**34,784**	**32,846**	27/11/2024
	1,680,532	**1,190,287**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	994,814	838,814	30/11/2026
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	13,252	12,091	30/04/2026
SKB Banka (ICSI - Inter Cars INT D o.o.)	5,652	5,168	01/08/2025
UnicreditBulbank AD (Inter Cars Bulgaria Ltd.)	130,440	82,873	31/10/2025
	1,144,158	**938,946**	

Loans and borrowings as at 31/12/2022

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	**1,305,374**	**979,781**	30/11/2023
Inter Cars S.A.		932,767	
Inter Cars SlovenskaRepublikas.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 Českárepublikas.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
UnicreditBulbank 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)	Used	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**	

As at balance sheet date of 31 December 2023, total liabilities under loans and borrowings amounted to PLN 2,129,232 thousand of which PLN 1,888,021 thousand is denominated in PLN and PLN 180,174 thousand is denominated in EUR, whereas PLN 48,946 thousand applies to credit denominated in RON, and PLN 12,091 thousand applies to credit denominated in BAM.

(in thousand PLN)

Material terms of the syndicated credit facility and other credits

A consortium credit was granted by the following banks (along with the use as at 31 December 2023):

	Use in nominal value	**Share in the amount drawn**
Syndicated loan agreement		
CaixaBank S.A.	143,668	6.82%
Bank Pekao S.A.	635,530	30.17%
Bank Handlowy S.A.	226,205	10.74%
Santander	207,434	9.85%
Bank BGŻ BNP Paibas S.A.	207,890	9.87%
mBank S.A.	240,692	11.43%
ING Bank Śląski S.A.	226,602	10.76%
Other credits		
Citibank Europe PLC Slovakia	31,044	1.47%
ING Bank N.V. (Inter Cars Romania s.r.l.)	48,946	2.32%
Raiffeisen a.s. (Inter Cars Českárepublikas.r.o)	28,244	0.26%
SKB Banka (ICSI - Inter Cars INT D o.o.)	38,014	1.80%
UnicreditBulbank AD (Inter Cars Bulgaria Ltd.)	82,873	3.93%
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	12,091	0.57%
	2,129,232	**100%**

The credit facility is secured with:

- mortgage on land property, which belong to Inter Cars S.A. worth PLN 48,112 thousand, according to an estimate dated 27 February 2018.
- registered pledge over inventories of the Group as at 31 December 2023 in the amount of PLN 3,186 million and financial pledge over shares in share capital of ILS;
- registered pledge and financial pledge over shares in share capital of ICMS;
- registered pledge over bank accounts,
- authorization to Company's accounts in Poland,
- transfer of receivables of the Company from Insurance contracts,
- declaration on unsolicited execution,

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

Agreement no. Bank	Concluded on	Term	Limit/ loan amount	Collateral
Syndicatedloanagreement Bank Polska Kasa Opieki S.A., ING Bank Śląski S.A., Bank Handlowy w Warszawie S.A, mBank S.A.,	14/11/2016	29/11/2024 30/11/2026	PLN 1,549,373,500 PLN 994,814,000	The list of collaterals is disclosed above.
Raiffeisenbank A.S. Czech	30/09/2012	28/02/2025	200,000,000 CZK	Bank guarantee
SKB Banka (ICSI - Inter Cars INT D o.o.)	09/12/2021 02/08/2022	27/11/2024 01/08/2025	EUR 8,000,000 EUR 1,300,000	3 blank promissory notes and corporate guarantee
ING Bank N.V. (Inter Cars Romania s.r.l.)	27/08/2014	29/11/2024	70,000,000 RON	Collateral on stocks
UnicreditBulbank AD (Inter Cars Bulgaria Ltd.)	27/10/2022	31/10/2025	EUR 30,000,000	Corporate guarantee
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	27/04/2021	30/04/2026	6,000,000 BAM	Corporate guarantee, 6 blank promissory notes; funds in bank account

(in thousand PLN)

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 credit facility agreements (at arm's length).

Source of finance	Interest rate
CaixaBank S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank Pekao S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank Handlowy w Warszawie S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Santander Bank Polska S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
BNP Paribas Bank Polska S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
mBank S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
ING Bank Śląski S.A.	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Citibank Europe PLC Slovakia	EURIBOR 1M + bank margin
ING Bank N.V. (Inter Cars Romania s.r.l.)	ROBOR + bank margin
Raiffeisen A.S. (Inter Cars Česká respublika s.r.o)	ESTR + bank margin
SKB Banka (ICSI - Inter Cars INT D o.o.)	Short-term portion - EURIBOR 3M + bank margin, Long-term portion - EURIBOR 6M + bank margin
Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	SRIR + bank margin EURIBOR 1M + bank margin
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	fixed bank margin

The syndicated loan was used to repay debt and finance current business activities, as well as to finance a new investment to expand and modernise the warehouse facilities at the logistics centre in Zakroczym.

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

- the EBITDA index should be positive
- the ratio of the Group's operating profit to the interest paid on the financial debt of all Group members should be higher than 2.5,
- the net debt to EBITDA ratio should be below 3.9 by 31 March 2017 in total and below 3.5 for later periods
- the Group's equity to its aggregate balance-sheet total should be higher than 30%.

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

As at 31 December 2023 the Group met all terms and conditions of the facility. As at 31 December 2023, the values of the ratios were as follows:
- EBITDA ratio value amounted to PLN 1,124,557 thousand.
− the Group's operating profit to paid interest on financial debt of all Group companies amounted to 7.4;
− net debt to EBITDA was 1.58
− the Group's equity to its aggregate balance-sheet total was 47.9%.

(in thousand PLN)

Inter Cars may approve dividend payout in the following value:
- any amount up to a total of 100% of the separate (stand-alone) net profit generated in the previous financial year, if the ratio of net debt to EBITDA is less than 2.5 as at the date of the last quarter prior to such distribution and as at the date of the quarter immediately following the spin-off (calculated prior to the distribution on a pro forma basis);
- any amount up to a total of 50% of the separate (stand-alone) net profit generated in the previous financial year, if the ratio of net debt to EBITDA is greater than 2.5 but less than 3.0 as at the date of the last quarter prior to such distribution and as at the date of the first quarter immediately following such distribution (calculated prior to such distribution on a pro forma basis);

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

18. Lease liabilities

Lease liabilities relate to the right to use office space, warehouses and branches and other property, plant and equipment. For more information, see note 8.

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

The Group decided to apply the above exceptions provided by the standard and recognised the fees on a straight-line basis under selling, general and administrative expenses in the statement of comprehensive income.

Lease	**31/12/2023**	**31/12/2022**
Payments under lease agreements	492,870	487,655
Discount	(37,351)	(40,873)
Present value of liabilities under leases	**455,519**	**446,782**
Payments under lease agreements		
Up to 1 year	107,373	98,347
Between 1 and 5 years	364,542	321,719
Over 5 years	20,955	67,589
	492,870	**487,655**
Present value of liabilities under leases		
Up to 1 year	93,439	89,363
Between 1 and 5 years	341,903	295,315
Over 5 years	20,177	62,104
	455,519	**446,782**

Liabilities under leases are related to the lease of property, plant and equipment. For more information, see note 8.

(in thousand PLN)

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

Premises and vehicles of which the Group is a lessor and which it leases out to its agents running branches are treated as a sublease. These lease liabilities equal the respective lease receivables due to lease transformed into sub-lease.
The impact sublease on particular items of the financial statements as of 31 December 2023 was as follows:

	Inter Cars Group	Inter Cars S.A.
Financial sub-lease receivables (tangible assets)	269,872	90,199
Financial sub-lease receivables (operating assets)	87,600	46,984
Liabilities due to lease transformed into sub-lease (Long-term liabilities)	269,872	90,199
Liabilities due to lease transformed into sub-lease	87,600	46,984

Sub-lease	**31/12/2023**	**31/12/2022**
Payments under lease agreements	402,531	356,386
Discount	(45,059)	(25,413)
Present value of liabilities under leases	**357,472**	**330,973**
Payments under lease agreements		
Up to 1 year	101,548	89,001
Between 1 and 5 years	268,994	250,415
Over 5 years	31,989	16,970
	402,531	**356,386**
Present value of liabilities under leases		
Up to 1 year	87,600	80,607
Between 1 and 5 years	245,017	234,758
Over 5 years	24,855	15,608
	357,472	**330,973**

Interest income and interest expense from subleasing are reported in the statement of comprehensive income in finance income and expenses at the same value and amount to PLN 13,254 thousand (PLN 11,389 thousand in 2022)

20. Trade liabilities, including those transferred for factoring and other liabilities

	31/12/2023	**31/12/2022** transformed
Trade payables to other entities	1,496,566	1,162,242
Receivables from suppliers on trade bonuses	(298,278)	(208,447)
Trade and other liabilities– passed for factoring	175,181	119,969
Taxes, duties, social security and other benefits payable	171,717	106,730
Other liabilities	155,266	159,758
	1,700,452	1,340,252

Maturity structure of trade liabilities, including those transferred for factoring	**31/12/2023**
Up to 12 months	1,373,469
	1,373,469

Currency structure of trade and other payables	31/12/2023	31/12/2022
Payables in PLN	555,979	615,570
Foreign currencies	1,144,473	696,177
	1,700,452	**1,311,747**

Foreign currencies	31/12/2023	31/12/2022
Liabilities in EUR	769,353	422,471
Liabilities in USD	206,137	141,831
Liabilities in other currencies	168,983	131,875
	1,144,473	**696,177**

21. Employee benefits

	31/12/2023	31/12/2022
Salaries and wages	53,755	33,287
Company's Social Benefits Fund	(1,148)	413
	52,607	**33,700**

22. Sales revenues

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Revenues on sales of commodities and materials	17,635,557	14,887,254
Revenue from the sale of cars	241,517	259,151
Revenue from sales of services	47,396	53,146
Revenue on the sale of products	105,840	85,550
	18,030,309	**15,285,101**

Sales by product groups	2023	*share*	2022	*share*
Spare parts for passenger cars	9,674,148	*53.65%*	8,081,801	*52.87%*
Spare parts for commercial vehicles and buses	2,988,882	*16.58%*	2,461,951	*16.11%*
tyres, batteries and lubricants	4,055,132	*22.49%*	3,561,130	*23.30%*
garage equipment	613,292	*3.40%*	513,288	*3.36%*
motorcycles and parts	245,007	*1.36%*	217,608	*1.42%*
Accessories	59,096	*0.33%*	51,476	*0.34%*
other sale - services	47,395	*0.26%*	53,146	*0.35%*
semi-trailers - Feber	105,840	*0.59%*	85,550	*0.56%*
ISUZU, FORD Truck and BYD vehicles	241,517	*1.34%*	259,151	*1.70%*
	18,030,309	***100.00%***	**15,285,101**	***100.00%***

During the period from 1 January 2023 to 31 December 2023 and the comparative period, no revenue exceeding 10% of the Group's sales revenue was realised with any customer.

Geographical structure of sales

	2023		2022	
	(in thousand PLN)	(%)	(in thousand PLN)	(%)
Sales in Poland	7,735,769	43%	6,908,285	45%
Sales in Romania	1,457,105	8%	1,248,095	8%
in other countries	8,837,435	49%	7,128,721	47%
Total	**18,030,309**	**100%**	**15,285,101**	**100%**

(in thousand PLN)

23. Cost of sales

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Value of goods and materials sold	12,673,142	10,512,848
Sold gods	90,871	76,442
Foreign exchange (gains) / losses	7,652	40,824
Cost of sales	**12,771,665**	**10,630,114**

24. Selling cost, general and administrative expenses

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Amortization and depreciation*	182,433	154,976
Materials and energy consumption	300,639	266,145
External services	3,102,174	2,608,851
Taxes and charges	24,941	16,102
Salaries	509,194	397,311
Social security and other benefits	116,683	88,942
Other costs by kind	140,911	137,785
Total costs by kind	**4,376,975**	**3,670,112**
(minus) Cost of products sold	(186,538)	(163,292)
(minus) Change in the balance of finished products and work in progress	3,783	6,168
(minus) Cost of distribution realized by branches	(1,666,041)	(1,529,288)
Selling cost, general and administrative expenses	**2,528,179**	**1,983,700**

*the item Amortization and depreciation includes an amount of amortisation of intangible assets of PLN 17,890 thousand.

25. Other operating income

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Gain on disposal of non-financial non-current assets	-	1,971
Compensation, penalties and fines received	5,203	4,046
Marketing rebates	14,633	24,116
Impairment losses on past due liabilities	502	1,038
Early payment discount	1,798	970
Other sales	29,481	26,097
Reversal of provisions	6,295	957
Other	19,338	7,286
	77,250	**66,481**

(in thousand PLN)

26. Other operating expenses

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Loss on sale of non-financial fixed assets	1,252	-
Damage to stock	26,262	24,776
Expenses related to complaints	-	1,871
Inventory lacks	18,839	13,095
Compensations	1,681	1,326
Insurances	1,282	1,256
Past due receivables recognised as impairment losses	5,859	17,024
Impairment of stock write off	4,550	2,932
Provisions made	3,780	-
Donations	3,929	3,471
Revaluation of non-financial assets*	3,302	70,719
Rebates granted	994	41
Scrapping	5,902	1,314
Deposit on cores	7,288	4,595
Other**	21,665	23,828
	106,585	**166,248**

* the item “Revaluation of non-financial assets” in 2022 mainly includes the write-down of goods destroyed by the war in the central warehouse in Ukraine
** "Other" includes deposits, re-invoicing costs and other costs.

27. Finance income and expenses

Financial revenue	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Interest on loans and borrowings	944	626
Other interest	3,227	13,916
Interest due to sub-lease	13,254	11,389
Foreign exchange gains/losses	-	-
Profit on sale of investments	145	169
Other	2,169	1,582
	19,739	**27,682**

Finance expenses	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Interest expense under bank loans	139,819	99,302
Other interest	2,004	4,776
Interest due to sub-lease	13,254	11,389
Interest under lease	18,506	12,348
Fees and commissions	8,042	11,984
Foreign exchange gains/losses	1,317	2,020
Other	3,249	2,719
	186,191	**144,538**

(in thousand PLN)

Foreign exchange gains/losses in the period from 1/01/2023 to 31/12/2023	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	(3,926)	-	(3,926)
Realised foreign exchange gains/(losses)	**(3,926)**	**-**	**(3,926)**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(62,378)	-	(62,378)
Other	-	(1,317)	(1,317)
Unrealised foreign exchange gains/(losses)	**(62,378)**	**(1,317)**	**(63,695)**
Total foreign exchange gains/(losses)	**(66,304)**	**(1,317)**	**(67,621)**

Foreign exchange gains/losses in the period from 1.01.2022 to 31.12.2022	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	(62,297)	-	(62,297)
Other	-	-	
Realised foreign exchange gains/(losses)	**(62,297)**	**-**	**(62,297)**
Arising in connection with valuation of trade payables and receivables as at the reporting date	21,473	-	21,473
Other	-	(2,020)	(2,020)
Unrealised foreign exchange gains/(losses)	**21,473**	**(2,020)**	**(19,453)**
Total foreign exchange gains/(losses)	**(40,824)**	**(2,020)**	**(42,844)**

28. Structure of cash for the statement of cash flows

Corporate income tax paid

	2023	**2022**
Current corporate income tax disclosed in the statement of comprehensive income	(104,230)	(188,141)
Change in income tax payable	(99,625)	39,814
Corporate income tax paid	**(203,855)**	**(148,327)**

Increase (decrease) in receivables

	2023	**2022** transformed
Change in trade and other receivables	(633,092)	(382,784)
Change in non-current receivables	3,199	(11,246)
Change in Loans granted	5,090	3,179
Change in receivables under rental	(26,499)	(25,059)
Increase (decrease) in receivables	**(651,302)**	**(415,910)**

(in thousand PLN)

Change in Loans granted

	2023	2022
Loans granted	(10,740)	(7,203)
Repayment of loans granted	5,650	4,024
Interest received	907	712
Interest accrued	(907)	(656)
Foreign exchange gains /losses	-	(56)
Change in Loans granted	**(5,090)**	**(3,179)**

Change in loans, borrowings, debt securities and lease liabilities

	31/12/2023	31/12/2022 transformed
Change in loans, borrowings, debt securities and lease liabilities	240,926	853,874
Change in trade and other liabilities	389,639	106,408
Change in employee benefits liabilities	18,907	5,653
Change in total liabilities	649,472	965,935
of which:		
Recognition of new leasing agreements (IFRS 16)	(94,204)	(220,428)
Change in liabilities due to lease transformed into sub-lease	26,499	25,059
Cash inflows on credits and loans	(279,358)	(675,478)
Repayment of loans and borrowings	31,153	6,475
Payment of lease contracts liabilities	190,594	143,810
Other	8,145	(2,636)
Change in liabilities following adjustments total	**532,301**	**242,737**

Net interest

	2023	2022
Interest paid	(171,580)	(124,529)
Interest received	14,162	12,148
Net interest	**(157,418)**	**(112,381)**

Other adjustments, net

	2023	2022
Foreign exchange gains /losses	(68,495)	462
Change in other non-current liabilities	934	(1,626)
Other adjustments, net	**(67,561)**	**(1,164)**

(in thousand PLN)

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

	Loans and borrowings	Lease liabilities	Total debt	Cash and cash equivalents	Net debt
Balance as at 01/01/2022	**(1,224,621)**	**(255,989)**	**(1,480,610)**	**240,665**	**(1,239,945)**
Cash flows	(659,567)	92,108	(567,459)	116,525	**(450,934)**
New leasing agreements	-	(282,901)	(282,901)	-	**(282,901)**
Leasing agreement termination	-	-	-	-	**-**
Interest paid	99,302	-	99,302	-	**99,302**
Interest accrued	(99,302)	-	(99,302)	-	**(99,302)**
Valuation	(3,254)	-	(3,254)	-	**(3,254)**
Balance as at 31/12/2022	(1,887,442)	(446,782)	(2,334,224)	357,190	**(1,977,034)**
Cash flows	(216,171)	104,238	(111,933)	10,714	(101,219)
New leasing agreements	-	(112,975)	(112,975)	-	(112,975)
Leasing agreement termination	-	-	-	-	-
Interest paid	139,819	-	139,819	-	139,819
Interest accrued	(139,819)	-	(139,819)	-	(139,819)
Valuation	(16,017)	-	(16,017)	-	(16,017)
Balance as at 31/12/2023	**(2,119,631)**	**(455,519)**	**(2,575,149)**	**367,904**	**(2,207,245)**

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

(in thousand PLN)

29. Income tax

Income tax recognised under current period profit or loss

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Current income tax	115,330	188,140
Correction on previous years	(11,100)	
Change in deferred income tax	64,653	(8,038)
Income tax disclosed in statement of comprehensive income	**168,885**	**180,102**

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

Effective tax rate	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Gross profit (without share of the result of the affiliate)	**869,182**	**925,800**
Tax based on 19% rate	(165,145)	(175,902)
Tax rates gains/losses *	(2,073)	6,803
Tax from previous years	(5,438)	-
Permanent differences		
Costs / incomes not subject to taxation	3,681	(11,003)
Current income tax disclosed in statement of comprehensive income	**(168,885)**	**(180,102)**

* Poland 19%, Republic of Slovakia 21%, Czech Republic 19%, Ukraine 18%, Lithuania 15%, Cyprus 12.5%, Malta 35%, Croatia 18%, Romania 16%, Latvia 20%, Bulgaria 10%, Italy 24%,Greece 24%, Bosnia and Herzegovina 10%, Moldova 12%, Estonia 20%, Slovenia 19%, Germany 30%, Hungary 9%, Serbia 15%, Great Britain 19%.

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

30. Dividend proposed by the Board of Managers

Within the reporting period and till the day of publishing of these financial statements the Company had not realized any payments on account of payout of dividend on operating profit for 2023.

Till the day of preparation of these financial statements the Board of Managers of the Company had not approved the proposal of distribution of profits for 2023. The dividend policy of the Company projects dividend payout in the amount not lower than 60% of consolidated net profit of Inter Cars S.A. Capital Group for a given accounting year.

On 13 June 2023, the Ordinary General Shareholders' Meeting of the Company adopted a resolution on the distribution of the profit for the financial year 2022, according to which the profit generated in 202 shall be distributed in such a way that from the net profit generated in 2022 in the amount of PLN 542,598,278.02, the amount of PLN 10,059,351.00, i.e. PLN 0.71 per share, will be paid to shareholders as the dividend, while the remaining part of the profit in the amount of PLN 532,538,927.02 shall be allocated to the reserve capital.

In addition, the Annual General Shareholders' Meeting of the Company set the dividend date at 19 June 2023 and the dividend payment date at 26 June 2023. All 14,168,100 shares of the Company are covered by the dividend.

The dividend was paid out on 26 June 2023.

(in thousand PLN)

Dividend per share

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Dividend resolved and paid out to the reporting date	10,059	20,119
Number of shares with right to dividend as per resolution of the General Shareholders Meeting	14,168,100	14,168,100
Dividend per share (in PLN)	0.71	1.42

31. Unrecognised liabilities under executed agreements

Guaranties and sureties

As at 31 December 2023 , the total amount of sureties and guarantees issued by the Parent Company for unrelated entities was PLN 10,004 thousand.

Sureties and guaranties	**2023**	**2022**
As at beginning of period	10,571	10,142
Issued and increases	765	662
Expired	(1,332)	(233)
As at end of period	**10,004**	**10,571**

The Parent Entity 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 for the Polish Post, the Police and the Army.

32. Transactions with related entities

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

The Group executed transactions with entities related personally to members of the Supervisory Board and the Management Board of the Parent Company, as well as members of the Key Personnel and their relatives.

The Key Personnel are persons with authority and responsibility for planning, directing and controlling the Group's activities directly or indirectly.

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

	01/01/2023 - 31/12/2023		**31/12/2023**	
	Sale of goods and services to related entities	Purchase of goods and services from related entities	Receivables from related entities	Payables to related entities
Jointly-controlled entities	277	2,265	7	334
Other related entities of Inter Cars S.A.	145	1,211	38	-

	01/01/2022 - 31/12/2022		**31/12/2022**	
	Sale of goods and services to related entities	Purchase of goods and services from related entities	Receivables from related entities	Payables to related entities
Jointly-controlled entities	143	1,449	29	-
Other related entities of Inter Cars S.A.	223	1,186	19	-

Loans granted

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

(in thousand PLN)

Jointly controlled entities include DANXILS sp. z o.o. and InterMeko Europe sp. z o.o., while other entities related to Inter Cars include FF-Sport sp. z o.o., Fastforward Maciej Oleksowicz, Przedsiębiorstwo Żegluga Augustowska sp. z o.o., Tenstep Polska sp. z o.o., H2PL sp. z o.o.

60% of shares in FF-SPORT Sp. z o.o. are held by Mr Maciej Oleksowicz, President of the Management Board; in addition, Mr Maciej Oleksowicz runs a single-person company under the name FASTFORWARD Maciej Oleksowicz. Mr Andrzej Oliszewski - Chairman of the Supervisory Board of Inter Cars S.A. runs a single-person company under the name P.H.U. ANPO Andrzej Oliszewski.

Moreover, Mr Krzysztof Oleksowicz, holding the position of Advisor of the Management Board, who is personally affiliated with the President Maciej Oleksowicz, – received in 2023 remuneration amounting to PLN 960 thousand, (PLN 960 thousand in 2022).

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

	01/01/2023 - 31/12/2023	**01/01/2022 - 31/12/2022**
Remuneration of the Members of the Management Board	16,820	17,475
Remuneration of the Members of the Supervisory Board	981	834
Remuneration of the other Members of the Key Management Personnel	9,069	8,240
Total	**26,870**	**26,549**

In the financial year ended on 31 December 2023 and 31 December 2022, the members of the key management personnel of the Parent Company as well as the subsidiaries of the Inter Cars Group did not enter into any loan or guarantee transactions with the Group.

Detailed information on the remuneration of the Parent Company's Board of Directors and on the value of shares in the Parent Company held by the Board of Directors is presented in Note 21 of the Statement of the Board's Activities.

33. Financial risk management

The Group is exposed to financial risks, which can be defined as credit risk, market risk (comprising mainly currency risk and interest rate risk) and liquidity risk.

Credit risk

There is no significant concentration of credit risk regarding exposures to individual customers and specific industry sectors. However, in terms of geographical regions, more than 43% of consolidated sales revenue of the Group is located in Poland.

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

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

As at the reporting date, there was no significant concentration of credit risks. The carrying amount of each financial asset, including derivative financial instruments, represents the maximum credit risk exposure:

(in thousand PLN)

	31/12/2023	31/12/2022 transformed
Loans granted	18,275	13,159
Trade and other receivables (excluding loans granted)	3,026,943	2,404,182
Cash	367,904	357,190
	3,413,122	**2,774,531**

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

- for loans granted - diversification of credit risk is due to the different - types of business relationships, diversity and geographical dispersion of borrowers.

- for trade receivables and other receivables - information is presented in note 13; for sub-leased receivables - the concentration of credit risk is limited and spread over several hundred branches of the Group.

- for cash - information is presented in note 14.

Market risk

Market risk is understood as the possibility of a negative impact on performance resulting from changes in market prices of commodities, exchange rates and interest rates.

- interest rate risk

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

The Group has liabilities bearing interest at variable rates. As at 31 December 2023, the Group did not use liabilities of fixed interest rate.

As at reporting date the Group did not have any transactions securing the risk of change of interest rate.

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

Variable rate financial instruments	**31/12/2023**	**31/12/2022**
Financial assets (loans granted)	18,275	13,159
Cash assets in bank accounts	300,602	298,780
Financial liabilities, liabilities under loans, borrowings debt securities and leases.	(2,932,621)	(2,665,196)
	(2,613,744)	**(2,353,257)**

Presented below is sensitivity analysis of the net profit or loss to possible interest rate changes, assuming that other factors remain unchanged. The following data shows the impact of basis points on the Company‘s annual net profit or loss.

as at 31 December 2023	**basis points increase/decrease**	**Impact on net profit / loss**
	+100 / -100	(21,171)/ 21171
	+200 / -200	(42,343)/ 42343

as at 31 December 2022	**basis points increase/decrease**	**Impact on net profit / loss**
	+100 / -100	(19,061)/ 19061
	+200 / -200	(38,123)/ 38123

(in thousand PLN)

- currency risk

A significant portion of the Company's trade and services payables is denominated in foreign currencies, especially in EUR. Sales is performed mostly in PLN and in UAH, EUR, CZK, HUF, BGN, RON, MDL and BAM. The Group did not enter any foreign currency future purchase or sales contracts between 1st January to 31 December 2023.

	EUR	USD	RON	Other	EUR	USD	RON	Other
	31 December 2023				31 December 2022 translated			
Trade receivables	955,676	10,722	209,226	224,397	723,729	1,333	185,563	259,101
Cash	170,652	10,448	14,705	111,608	157,364	7,056	13,921	124,237
Bank credits	(511,587)	-	(48,946)	(12,091)	(188,400)	-	(49,446)	(12,679)
Trade payables	(769,353)	(206,137)	(32,093)	(136,889)	(422,471)	(141,831)	(64,067)	(67,808)
Gross balance sheet exposure	**(154,612)**	**(184,967)**	**142,892**	**187,025**	**270,222**	**(133,442)**	**85,971**	**302,851**

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

		Impact on net profit / loss	
currency	**Foreign exchange rate increase/decrease**	**as at 31 December 2023**	**as at 31 December 2022** transformed
EUR	+5% / -5%	(6,262)/ 6262	10,944/(10,944)
	+10% / -10%	(12,523)/ 12523	21,888/(21,888)
USD	+5% / -5%	(7,491)/ 7491	(5,404)/5,404
	+10% / -10%	(14,983)/ 14983	(10,808)/10,808
RON	+5% / -5%	5,788/ (5,788)	3,482/(3,482)
	+10% / -10%	11,575/ (11,575)	6,964/(6,964)
Other	+5% / -5%	7,574/ (7,574)	12,266/(12,266)
	+10% / -10%	15,149/ (15,149)	24,532/(24,532)

Liquidity risk

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

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

	31/12/2023	**31/12/2022**
		transformed
Current assets	7,550,897	6,583,805
Short-term liabilities	3,143,903	2,821,493
Surplus of current assets over short-term liabilities	4,406,994	3,762,312
Current ratio	2.40	2.33
Quick ratio	0.99	0.88
Cash ratio	0.12	0.13

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

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

(in thousand PLN)

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

Cash flow management in the Inter Cars S.A. Capital Group (the "Group") is critical for the functioning of the entire organization. The central point of this aspect of management is the cash flow planning model, covering the demand for capital, primarily including inventories as well as trade receivables and liabilities. By forecasting the demand for capital, the Group continually monitors the financial flows in individual countries and adjusts the financing sources accordingly, both at the Group and the local markets level. The Group finances its business activities by a consortium of 7 banks and 4 banks out of the consortium. Bank financing is kept within the following proportion: 60% short-term loans and 40% long-term loans. The Group diversifies its financing sources and has issued bonds that have been subscribed for by entities other than banks. The Group also finances its liabilities from its equity, which amounted to PLN 3,816 b as at 31 December 2023. The Group reinvests the funds obtained from its activities. The payment of dividends is kept at a stable level. To maintain liquidity, the Group keeps a stable amount of cash ranging from PLN 13 and 28 m available at its points of sale (all branches total).

The surplus of operating assets shown in the consolidated financial statements for 2023 (comprising mainly short-term inventories of an average rotation of 3 months, short-term receivables, and cash) over short-term liabilities is PLN 3,762 m, PLN 780 m higher than that for 2022. This shows the Group's financial liquidity is kept at the right level.

Below chart presents liabilities of the Group as at 31 December, by maturity:

31/12/2023	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total	Balance sheet value
interest-bearing loans and borrowings and bonds	-	-	1,190,424	929,206	-	2,119,630	2,119,630
lease liabilities	-	26,844	80,530	364,542	20,954	492,870	455,518
liabilities due to finance lease transformed into sub-lease	-	25,387	76,161	268,994	31,989	402,531	357,501
trade and other payables	81,257	1,613,711	4,493	983	8	1,700,452	1,700,452
	81,257	**1,665,942**	**1,351,608**	**1,563,725**	**52,951**	**4,715,483**	**4,633,101**

31 December 2022 translated	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total	Balance sheet value
interest-bearing loans and borrowings and bonds	-	-	1,158,567	728,875	-	1,887,442	1,887,442
lease liabilities	-	24,587	73,760	321,719	67,589	487,655	446,782
liabilities due to finance lease transformed into sub-lease	-	22,250	66,751	250,415	16,970	356,386	330,973
trade and other payables	79,100	1,164,502	63,565	33,069	16	1,340,252	1,340,252
	79,100	**1,211,339**	**1,362,643**	**1,334,078**	**84,575**	**4,071,735**	**4,005,449**

Capital management

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

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

In the reporting period, certain capital management restrictions were present in connection with the obtained credit facility agreement (see Note 17).

(in thousand PLN)

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

	31/12/2023	**31/12/2022** *transformed*
Loan, borrowing and lease liabilities	2,575,149	2,334,223
Trade and other liabilities	1,498,735	1,220,283
(less) cash and cash equivalents	(367,904)	(357,190)
Net debt	3,705,980	3,197,316
Equity	4,437,468	3,815,725
Net debt to equity	**0.84**	**0.84**

Fair value

In the opinion of the Management Board, the carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair value.

For loans measured at amortised cost, the fair value calculated using market interest rates at the date the financial statements were approved for publication does not differ materially from the carrying amount recognised in the financial statements.

Climate risk

Extreme weather events associated with climate change and rising global temperatures 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 analysis of climate risks and their impact on the Inter Cars Group's business operations is conducted in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In this process, a review of physical and transformational risks is performed.

The Group identifies two types of climate risk

- physical risk - associated with the impact of extreme weather events - including floods, hurricanes and draughts - leading, for example, to damage to infrastructure or disruption to the supply chain,
- transformational 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.

The results of the analysis are regularly used to take measures aimed at risk reduction and adaptation to the effects of climate change.

In September 2023, a revised Sustainability Strategy was adopted by the Management Board. According to it, by 2030, the Inter Cars Group will continue to ensure the availability of 'Sustainable motorization for people and climate' by focusing on actions in the most important management, environmental and social issues identified through a materiality study process taking into account the current trends and challenges prevailing in our environment.

The climate sustainability vision focuses on the following pillars:

- ensuring safe and long-lasting use of cars, giving widespread and competitive access to high-quality car parts, professional knowledge and modern tools.
- introducing the sale of electric cars
- investing in and supporting suppliers, business partners and customers in the green transformation and reduction of the carbon footprint of their operations.
- developing the market for remanufactured and second-hand car parts, while shaping consumer preference around circularity
- working with garages on responsible waste management, consistently moving towards a circular economy.
- minimising the environmental impact of packaging

34. Events subsequent to the balance sheet date

No such events.

35. Going concern

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

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.

The Russian invasion of Ukraine on 24 February 2022 continues to be a destabilising factor in the economic environment across the region.

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 Company's Management Board developed a safe way of delivering goods to the western regions of Ukraine, using the existing warehouse infrastructure and at the same time increasing the number of direct deliveries from the central warehouse in Zakroczym, Poland. The high availability of goods and the wide product range translated into a gradual increase in sales of Inter Cars Ukraine. In 2023, Inter Cars Ukraine realised sales of PLN 615 million, which is approximately 30% higher than sales in the same period last year. In the current reporting period, Inter Cars Ukraine generated a net profit of PLN 30 million.

The assets of Inter Cars Ukraine amount to PLN 133 million, the majority of which are inventories of PLN 98 million and cash of PLN 10 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 67 million, with trade payables to external suppliers amounting to PLN 4 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 2023, 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.

INFORMATION OF THE INTER CARS S.A. MANAGEMENT BOARD

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

The Management Board of Inter Cars S.A., hereinafter referred to as “the Company,” having its registered seat in Warsaw, acting in conformity with § 71.1.7 of the Minister of Finance Regulation of 29 March 2018 on current and periodical information provided by securities issuers and the conditions of regarding as equivalent of the information required by the non-member state, and based on the statement of the Company’s Supervisory Board to this effect, informs that the selection of an audit firm to audit the annual consolidated financial statements of the Inter Cars S.A. Capital Group for the year ended on 31 December 2023 was made in conformity with the applicable regulations, including those related to the selection of an audit firm.

Furthermore, the Management Board of the Company informs that:

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

These annual consolidated financial statements were approved by the Management Board of Inter Cars S.A for publication on 25 April 2024.

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 Soszyński
Vice-President of the Management Board

Wojciech Twaróg
Member of the Management Board

Piotr Zamora
Member of the Management Board

Wojciech Aleksandrowicz
Member of the Management Board

Julita Pałyska
Person responsible for keeping the accounting books

Warsaw, 25 April 2024.