INTER CARS GROUP

ANNUAL FINANCIAL STATEMENTS
2022

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https://inwestor.intercars.com.pl/pl/raporty/raporty-okresowe/

CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD FROM 1 JANUARY TO 31 December 2022

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Financial highlights

	for the period of 12 months ended on 31 December			
	2022	**2021**	**2022**	**2021**
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	30.45%	30.64%		
EBITDA	1,197,208	1,038,724	255,361	226,919
EBITDA as percentage of sales	7.83%	8.48%		
EBITDA (for 12 consecutive months)	1,197,208	1,038,724	255,361	226,919
Net debt / EBITDA	1.65	1.19		
Basic earnings per share (PLN)	52.63	49.38	11.23	10.79
Diluted earnings per share (PLN)	52.63	49.38	11.23	10.79
Sales revenues	15,285,101	12,242,047	3,260,265	2,674,396
Operating profit	1,042,232	908 713	222,305	198,517
Net profit	**745,698**	**699,580**	**159,055**	**152,830**
Cash flows				
Operating cash flows	(98,362)	33,778	(20,980)	7,379
Investing cash flows	(165,657)	(82,269)	(35,334)	(17,972)
Financing cash flows	380,544	55,349	81,169	12,092
Employment and branches				
Employees				
Parent company	882	770		
Subsidiaries	3,084	3,049		
Branches				
Parent company	244	240		
Subsidiaries	374	338		

	As at		**As at**	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Consolidated statement of the financial situation	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Cash and cash equivalents	357,190	240,665	76,162	52,325
Balance sheet total	8,005,541	6,282,666	1,706,975	1 365,975
Loans, borrowings and finance lease	2,334,223	1,480,349	497,713	321,857
Equity attributable to the shareholders of the parent entity	3,815,725	3,089,684	813,605	671,758

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

The net debt / EBITDA is measured as the quotient of the net debt (constituting total credit, loan and financial 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:

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

Information about INTER CARS S.A.

1. **Scope of activities**

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

2. **The seat of the Parent Entity**

   ul Powsińska 64

   02-903 Warszawa

   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

6. **Statutory auditor**

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

7. Subsidiaries and associated entities of Inter Cars - entities included in consolidation as at 31 December 2022

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

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

The Group also holds shares in two related entities.

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

Subsidiaries (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2022	31/12/2021
Inter Cars Latvija SIA	Mārupes nov., 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 Za kroczym, Poland	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Birkirkara, Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Sale of delivery vans and trucks	full	100%	100%
Inter Cars INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o.Inter Cars INT d.o.o.	Ljubljana, Slovenia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Tallinn, Estonia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars GREECE.	Ilioupoli Attiki, Greece	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars United Kingdom - automotive technology Ltd	Tipton, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o. Beograd-Rakovica	Belgrade-Rakovica, Serbia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Fleet Services Sp. z o.o.	Warsaw Poland	Services for motor-vehicle fleets related to vehicle repairs	full	100%	100%
OOO Inter Cars Automobilna Technika*	Mogilev, Belarus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Norge AS**	Oslo, Norway	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
CB Dystrybucja Sp. z o.o.	Warsaw, Poland	Point of sale management	full	-	100%
Inter Cars Deutshland GmbH***	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	-

Subsidiaries (cont.)

Indirect subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2022	31/12/2021
Inter Cars Malta Limited****	Birkirkara, Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o o*****	Vinkovci, Croatia	Distribution of spare parts and real estate rental	full	100%	100%
Associated entities					
InterMeko Europe Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%
Partslife International Kft******	Dunakeszi, Hungary	Environmental and ecological services	equity method	33.3%	-

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

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

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

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

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

****** 33.3% shares held Parent company Inter Cars S.A.. Due to the low value of the Company, it is not consolidated.

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

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

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

8. Associated entities

As at 31 December 2022 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.
The company also holds 33.33% (directly and indirectly 2.27% through Partslife GmbH) of the shares in Partslife International Kft.

9. Stock exchange listings

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

10. 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 26 April 2023.

ANNUAL CONSOLIDATED STATEMENT OF THE FINANCIAL SITUATION

(in thousand PLN)	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Tangible fixed assets	6	545,271	473,236
Right-of-use assets	7	392,963	234,977
Investment property	9	3,311	2,973
Real estate available for sale	9	-	8,078
Intangible assets	8	196,074	191,787
Investments in associates	10	3,642	2,037
Investments available for sale	11	1,228	298
Receivables	14	36,456	25,210
Financial sub-lease receivables	23	250,366	228,500
Deferred tax assets	12	20,930	16,200
		1,450,241	**1,183,296**
Current assets			
Inventory	13	4,096,106	3,112,013
Trade and other receivables	14	2,021,397	1 669,278
Financial sub-lease receivables	23	80,607	77,414
Cash and cash equivalents	15	357,190	240,665
		6,555,300	**5,099,370**
TOTAL ASSETS		**8,005,541**	**6,282,666**
LIABILITIES			
Share capital	16	28,336	28,336
Share premium account	16	259,530	259,530
Other supplementary capital		2,115,245	1,615,749
Foreign exchange gains /losses in subsidiaries		4,837	4,375
Retained earnings		1,407,777	1,181,694
Equity		**3,815,725**	**3,089,684**
Long-term liabilities			
Liabilities due to credits, loans	18	728,874	580,792
Other lease liabilities	19	357,419	201,536
Liabilities due to lease transformed into sub-lease	23	250,366	228,500
Other long-term liabilities		6,206	7,832
Deferred income tax provision	12	53,963	57,272
		1,396,828	**1,075,932**
Short-term liabilities			
Trade and other liabilities	20	1,191,778	1,124,302
Trade and other liabilities - passed for factoring	20	119,969	110,076
Liabilities due to credits, loans	18	1,158,567	643,027
Other lease liabilities	18	89,363	54,994
Liabilities due to lease transformed into sub-lease	23	80,607	77,414
Employee benefits	21	33,700	28,047
Income tax liabilities	22	119,004	79,190
		2,792,988	**2,117,050**
TOTAL LIABILITIES		**8,005,541**	**6,282,666**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand PLN)	**Note**	**for the period of 12 months ended on**	
		31/12/2022	**31/12/2021**
Revenues from the sale of products, goods and materials	24	15,285,101	12,242,047
Cost of sales	25	(10,630,114)	(8,490,779)
Gross profit on sales		**4,654,987**	**3,751,268**
Other operating revenue	27	66,481	49,570
Selling cost, general and administrative expenses	26	(1,983,700)	(1,570,999)
Costs of distribution service	26	(1,529,288)	(1,242,393)
Other operating expenses	28	(166,248)	(78,733)
Operating profit		**1,042,232**	**908 713**
Financial revenue	29	27,682	13,094
Foreign exchange gain/loss	29	(2,020)	3,419
Financial costs	29	(142,518)	(48,300)
Interest in associates		424	316
Profit before tax		**925 800**	**877,242**
Income tax	31	(180,102)	(177,662)
Net profit		**745,698**	**699,580**
Attributable to:			
shareholders of the parent company		**745,698**	**699,580**
OTHER COMPREHENSIVE INCOME			
Foreign exchange gains/losses*		462	14,727
Total other comprehensive income, net		**462**	**14,727**
COMPREHENSIVE INCOME		**746,160**	**714,307**
Comprehensive income attributable to:			
- the shareholders of the parent entity		746,160	714,307
Earnings per share (PLN)			
- basic and diluted	17	52.63	49.38
Weighted average number of shares	17	14,168,100	14,168,100

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

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2022 to 31 December 2022

(in thousand PLN)	Note no.	Share capital	Share premium account	Supplementary capital	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	17	-	-	-	-	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	32	-	-	-	-	(20,119)	**(20,119)**
Distribution of retained profits - transfer to supplementary and reserve capital	32	-	-	499,496	-	(499,496)	**-**
As at 31 December 2022		**28,336**	**259,530**	**2,115,245**	**4,837**	**1,407,777**	**3,815,725**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)

for the period from 1 January 2021 to 31 December 2021

(in thousand PLN)	Note no.	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses in subsidiaries	Retained earnings	**Total equity**
As at 1 January 2021		**28,336**	**259,530**	**1,406,500**	**(10,352)**	**711,482**	**2,395,496**
Profit in the reporting period	17	-	-	-	-	699,580	**699,580**
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries		-	-	-	14,727	-	**14,727**
Total comprehensive income		**-**	**-**	**-**	**14,727**	**699,580**	**714,307**
Distribution of prior period profit – dividend	32	-	-	-	-	(20,119)	**(20,119)**
Distribution of retained profits - transfer to supplementary and reserve capital	32	-	-	209,249	-	(209,249)	**-**
As at 31 December 2021		**28,336**	**259,530**	**1,615,749**	**4,375**	**1,181,694**	**3,089,684**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand PLN)	**Note**	**01/01/2022 - 31/12/2022**	**01/01/2021- 31/12/2021**
Cash flows from operating activities			
Profit before tax		925 800	877,242
Adjustments:			
Amortization and depreciation	26	154,976	130,011
Foreign exchange gains /losses		3,198	(893)
(Profit / loss on investing activities		12,040	20,293
Net interest	30	112,381	37,521
Other adjustments, net	30	(1,164)	17,532
Operating profit before changes in the working capital		**1,207,231**	**1,081,706**
Increase (decrease) in inventories		(984,093)	(888,896)
Increase (decrease) in receivables	30	(360,186)	(479,985)
Change in financial sub-lease receivables		(25,059)	(30,353)
Change in short-term liabilities		187,013	450,977
Change in liabilities due to lease transformed into sub-lease		25,059	30,352
Cash generated by operating activities		**49,965**	**163,801**
Corporate income tax paid	30	(148,327)	(130,022)
Net cash from operating activities		**(98,362)**	**33,779**
Cash flow from investment activities			
Proceeds from the sale of intangible assets, investment property, property, plant and equipment		4,014	375
Acquisition of intangible assets, investment property, and property, plant and equipment	6.8	(177,118)	(83,129)
Cost of acquisition of shares in other entities		(1,522)	-
Repayment of loans granted	30	4,024	3,670
Loans granted	30	(7,203)	(3,466)
Interest received	30	12,148	281
Net cash from investing activities		**(165,657)**	**(82,269)**
Cash flow from financing activities			
Repayment of credits and loans	30	(6,475)	(16,142)
Cash inflows on credits and loans	30	675,478	221,453
Financial lease contracts liabilities (IFRS 16)	30	(143,810)	(92,042)
Interest paid	29	(124,530)	(37,801)
Dividend paid	32	(20,119)	(20,119)
Net cash from financing activities		**380,544**	**55,349**
Net change in cash and cash equivalents		**116,526**	**6,859**
Cash and cash equivalents at the beginning of the period		**240,665**	**233,806**
Cash and cash equivalents at the end of the period		**357,190**	**240,665**

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. Furthermore, as at the reporting date the Group had not finished estimating the impact of the new Standards and Interpretations to become effective following the reporting date.

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

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 2021.

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

A detailed description of the IFRS 16 standard and its impact on the particular items of the financial statements is provided in 3.2 Description of significant accounting principles applied h) Leases.

Standards and interpretations approved by the EU that came into force in 2022:

- *Amendments to IFRS 3 "Business Combinations* „relate to updating references to the 2018 rather than 1989 Conceptual Framework, adding a requirement to apply IAS 37 or IFRIC 21, as appropriate, to the identification of liabilities acquired in a business combination, and adding an explicit statement that the acquirer does not recognise contingent assets acquired in a business combination.
- *Amendments to IAS 16 "Property, Plant and Equipment* „relate to revenue generated before property, plant and equipment is placed in service, i.e. they prohibit the reduction of the cost of an item of property, plant and equipment by the amount of the proceeds from the sale of products generated in bringing the item to the location and condition necessary for it to be capable of operating in the manner planned by management. Both the sales proceeds and the costs of their manufacture should be recognised in profit or loss.
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets* address contract fulfilment costs and indicate that they include costs directly related to the contract, i.e. additional contract fulfilment costs and other costs directly related to contract fulfilment.
- *Amendments resulting from the revision of IFRS 2018*-2020 provide clarifications and clarify the standards' guidance on recognition and measurement: IFRS 1, IFRS 9, IAS 41 and IFRS 16.

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.

(in thousand PLN)

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

	Loans and borrowings	Lease liabilities	Licence subscription liabilities	Total debt	Cash and cash equivalents	Net debt
Balance as at 01/01/2021	**(1,020,286)**	**(291,918)**	**(9,135)**	**(1,321,339)**	**233,806**	**(1,087,533)**
Cash flows	(205,229)	59,693	9 135	(136,401)	6,859	(129,542)
New leasing agreements	-	(23,764)	-	(23,764)	-	(23,764)
Leasing agreement termination	-	-	-	-	-	-
Interest paid	16,943	-	-	16,943	-	16,943
Interest accrued	(16,943)	-	-	(16,943)	-	(16,943)
Valuation	894	-	-	894	-	894
Balance as at 31/12/2021	**(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)**

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

2.2. 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.

- *IFRS 17 'Insurance Contracts' and amendments to IFRS 17*
  IFRS 17 introduces a comprehensive framework for accounting for insurance contracts. Amendments to IFRS 17 relate to the first-time application of IFRS 17 and IFRS 9 for comparative information. Amendment apply to annual periods commencing as of 1 January 2023 and thereafter, and apply to entities conducting insurance business.
- *Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on accounting policy disclosures in practice*
  Amendments to IAS 1 address the issue of disclosure of significant rather than meaningful accounting policies and are effective for annual periods beginning on or after 01 January 2023.
- *Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"*
  Amendments to IAS 8 concern the replacement of the definition of change in accounting estimates with the definition of estimated values. Under the new definition, estimates are monetary amounts presented in the financial statements whose measurement is uncertain. Amendments apply to annual periods commencing as of 1 January 2023 and thereafter.
- *Amendments to IAS 12 "Income Taxes"*
  Amendments to IAS 12 relate to the obligation to recognise deferred tax on assets and liabilities arising from individual transactions when equal amounts of deductible and taxable temporary differences arise on initial recognition. Amendments apply to annual periods commencing as of 1 January 2023 and thereafter.
- *Amendments to IAS 1 "Presentation of Financial Statements"*
  Amendments to IAS 1 indicate that the classification of liabilities as current or non-current is based on the rights existing at the end of the reporting period. The condition for having rights is compliance with the terms of the contracts at the end of the reporting period. Amendments apply to annual periods commencing as of 1 January 2024 and thereafter.
- *Amendments to IFRS 16 "Lease"*
  Amendments to IFRS 16 indicate the method for the initial measurement of the right-of-use and lease liability and the subsequent measurement of the lease liability arising from sale and leaseback transactions. Amendments apply to annual periods commencing as of 1 January 2024 and thereafter.

  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.

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

- *IFRS 14 "Regulatory deferral accounts".*
  By decision of the European Commission, the approval process for the preliminary version of the standard will not be initiated until the final standard is issued.
- *Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'.*
  Amendments apply to the sale or contribution of assets between an investor and its associates or joint venture. The effective date of the amendments has been deferred indefinitely.
  The Group intends to adopt the above IFRS standards, amendments and their interpretations and published by the International Financial Reporting Standards Board, which had not become in 2022 on as per their effective date.
  In the opinion of the Parent Company's Management Board, these changes will not have a material impact on the accounting policies applied to date.

Impact of the IBOR reform on the Group's consolidated financial statements

Effective from 01 January 2020, amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" relate to interbank reference rates.

At the date of these consolidated financial statements, the new reference rates have not been implemented. There is an ongoing transition period during which the existing rates apply. The Group is monitoring and analysing the work on the transition process to the new reference rates and the impact on its financial position.

In connection with the Group's existing contracts and transactions based on market interest rates, in particular loan/borrowing agreements (received and granted), intra-group financing agreements, payment service agreements, leasing agreements, bank guarantees, term deposits, the Parent Company's Management Board anticipates that the introduction of the new reference rates will affect the Group's financial position, however, due to the lack of information and regulations concerning the introduction of the new reference rates, at the date of these consolidated financial statements it is not possible to estimate the impact of the change in rates on the Group's financial position in the current and subsequent years.

2.4. Basis of measurement

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

- investment property measured at fair value.

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

2.5. Capital Group

The consolidated financial statements of the Inter Cars SA Capital Group ("The Group") include the statements of:

Name of entity	Consolidation method	% of the Group's share in the share capital	
		31/12/2022	31/12/2021
Inter Cars S.A.	full	Not applicable	Not applicable
Inter Cars Ukraine	full	100%	100%
Q-service Sp. z o.o.	full	100%	100%
Lauber Sp. z o.o.	full	100%	100%
Inter Cars Česká republika s.r.o.	full	100%	100%
Feber Sp. z o.o.	full	100%	100%
IC Development & Finance Sp. z o.o	full	100%	100%
Armatus sp. z o.o.	full	100%	100%
Inter Cars Slovenská republika s.r.o.	full	100%	100%
Inter Cars Lietuva UAB	full	100%	100%
Inter Cars Belgium NV	full	100%	100%
Inter Cars Hungária Kft	full	100%	100%
Inter Cars Italia s.r.l (former JC Auto s.r.l.)	full	100%	100%
Inter Cars d.o.o.	full	100%	100%
Inter Cars Romania s.r.l.	full	100%	100%
Inter Cars Cyprus Limited	full	100%	100%
Inter Cars Latvija SIA	full	100%	100%
Cleverlog-Autoteile GmbH	full	100%	100%
Inter Cars Bulgaria Ltd.	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	full	100%	100%
ILS Sp. z o.o.	full	100%	100%
Inter Cars Malta Holding Limited	full	100%	100%

(in thousand PLN)

Name of entity	Consolidation method	% of the Group's share in the share capital	
		31/12/2022	31/12/2021
Inter Cars Malta Limited	full	100%	100%
Inter Cars Eesti OÜ	full	100%	100%
Inter Cars Piese Auto s.r.l.	full	100%	100%
Inter Cars GREECE	full	100%	100%
Q-service Truck Sp. z o.o.	full	100%	100%
Inter Cars INT d o.o.	full	100%	100%
Inter Cars d.o.o. (Bosnia and Herzegovina)	full	100%	100%
Aurelia Auto d o o	full	100%	100%
Inter Cars United Kingdom - automotive technology Ltd	full	100%	100%
Inter Cars d.o.o. Beograd-Rakovica	full	100%	100%
Inter Cars Fleet Services Sp. z o.o.	full	100%	100%
OOO Inter Cars Automobilna Technika*	full	100%	-
Inter Cars Norge AS**	full	100%	-
CB Dystrybucja Sp. z o.o.	full	-	100%
Inter Cars Deutschland GmbH**	full	100%	-
InterMeko Europe Sp. z o.o.	equity method	50%	50%
Partslife International Kft	equity method	33.3%	-

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

** The Company does not carry out operating activities, not consolidated in 2022.

CB Dystrybucja Sp. z o.o. was sold in May 2022.

The parent company is Inter Cars S.A. ("the Company / The parent entity").

Presented accounting policies were used equally in all entities comprising the Capital Group. In 2021 there were no changes to the accounting policy, except for the new and amended standards described above. Consolidation is based in the full method. Associated company InterMeko Europe Sp. z o.o. was estimated with equity method.

2.6. Functional and presentation currency

(a) Presentation and functional currency

All amounts in the financial statements are shown in thousand PLN, unless stated otherwise. PLN is the functional currency of Inter Cars S.A.

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-based entities, including entities operating under hyperinflation, are translated according to the average National Bank of Poland exchange rate prevailing on the transaction date. Foreign exchange translation differences are recognised under other comprehensive income and disclosed as foreign exchange translation differences of foreign-based entities. However, if the Group does not hold all shares in a foreign-based entity, a proportional part of the translation differences is recognised under non-controlling interests. 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. If the Group excludes only a part of its shares in a subsidiary having foreign-based subsidiaries, but controls the remaining interests, an appropriate part of the accumulated value is attached to the non-controlling interests. If the group excludes only a part of its investment in an affiliated entity having foreign-based subsidiaries, but has a material impact or jointly controls the remaining part, an appropriate part of the accumulated value is reclassified to profit or loss for the current period.

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
- any translation differences are recognised as a separate item of equity

(b) Foreign currency transactions

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. The translation differences are recognized as profit or loss of the current period, except for differences resulting from settlement of capital instruments qualified as available for sale, financial liabilities to secure a share in the net assets of a foreign entity, which are effective, and qualified security of cash flows, recognized by the Group as other comprehensive income.

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

3. Basis of accounting

3.1. Changes in the accounting policy

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

3.2. Change in naming of balance sheet items

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

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

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

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

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

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

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

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

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

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

3.3. Principles of consolidation

(a) Subsidiary Companies

The subsidiaries are entities controlled by the Parent Company. Control is performed when the Parent Company has capacity to manage directly or indirectly the financial and operational policy of a given entity, in order to obtain the benefits arising from its activities. 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) Subsidiary entities

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

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

Property, plant and equipment, except for tangible assets under construction and land, are subject to depreciation. Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives periodically reviewed by the 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 identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Other purchase costs are presented in the balance sheet in the period in which they were born by the Company.
After the initial presentation, goodwill is measured according to the purchase price less any cumulated impairment losses. In the case of investments measured using the equity method, goodwill is recognized as the carrying value of investments, while an impairment loss on this investment is not allocated to any item of assets, including goodwill, which constitutes a part of the value of the investment. Purchase of non-controlling shares is recognized as transactions with shareholders, as a result of which goodwill is not recognized with this type of transactions. Adjustments on non-controlling shares are based on the proportional value of net assets of a related entity .

c) Intangible assets

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

Computer software

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

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

Costs related directly to the production of unique computer software for the 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, however no longer than for the term of the lease agreement.

d) Investment property

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

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

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

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

e) **Financial instruments**

1. Classification and measurement of financial assets

The 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. In the course of analyses changes were made to the classification of the financial assets. The standard did not have a material bearing on measuring the particular categories of financial assets.

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 Company performs the SPPI test for loans granted by comparing the total of the principal and interest with the model instrument according to IFRS 9. The interest revenue is calculated by means of the effective interest rate method and shown in "interest revenue" in the financial result. Impairment write-downs are shown under the "financial assets impairment write downs." The Company assesses credit losses related to debt instruments measured at amortized cost.

In 2022 and 2021 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 Investments in capital instruments are measured by the Company at cost, taking into account impairment losses. The Company has selected to present its profits and losses from changes in the fair value of capital instruments in the other comprehensive income. Therefore, the profits and losses from changes in the fair value are not subject to further reclassification to the financial result when the Company ceases to recognize investments. Dividends from such investments are recognized in the financial result upon obtaining by the 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. Any other financial liabilities, including liabilities measured at fair value are recognized as at the transaction date, on which the Group becomes a party to an agreement obliging it to issue a financial instrument.

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

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.

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) Impairment of assets

Financial assets

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

The amount of an impairment loss on a financial asset carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of the future cash flows, discounted using the original effective interest rate.

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

Impairment losses are recognised in current period profit or loss.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date.

An impairment loss on financial assets available for sale is recognised by relocation to profit or loss of the current period of an accumulated loss recognised in the valuation capital to fair value. The value of the accumulated loss mentioned above is calculated as a difference between the purchase price, minus depreciation and repayment of capital instalments, and the fair value minus impairment losses previously recognised as profit or loss of the current period. Changes to impairment losses related to the application of the effective interest rate method are recognised as interest revenue.

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

Non-Financial Assets

The carrying amount of non-financial assets other than investment property, inventories and deferred tax asset is tested for impairment at each reporting date. If the 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.

h) Lease

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

The IFRS 16 sets forth the requirement to control a 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 leases classified as operating leases in conformity with IFRS 17, 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.

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

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

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

- fixed lease payments (including substantially fixed lease payments) less any lease incentives payable,
- variable lease payments that depend on an index or a rate, measured initially using that index or that rate according to their value at the commencement date of the amount, that the Group expects to pay in guaranteed residual value
- the exercise price of a call option, if it can be assumed with reasonable certainty that the 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 lease incentives received
- the amount of the initial estimation of the lease liability
- any lease payments made on or before the commencement date less lease incentives received any initial direct costs.
- Right-of-use assets are depreciated on a linear basis over the useful life of the assets, not exceeding the lease term. In the case of the 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. Short-term leases represent leases of 12 months or less. Low-value assets include: floor mats, towels, printers or coffee machines.

It should, however, be pointed out that the operating lease fees were settled using the straight line method according to IFRS 17, whereas as a result of changes resulting from the adoption of IFRS 16 in 2019 it is expected that although the lease assets will also be settled using the straight line method by means of amortization write downs, the costs of the interest on liabilities will be settled using the effective interest rate method, resulting in a decrease in the costs during the initial periods following entering into a contract, as well as their decrease over time.

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. These lease liabilities equal the respective sub-lease receivables.

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

In 2019, the IFRS Interpretations Committee, hereinafter referred to as the “Committee,” published a summary of decisions made at public meetings related to IFRS 16 interpretations regarding recognition of contracts for an indefinite period of time. The Group has analysed the impact of the Committee’s decisions on its accounting policy and concluded that the decisions affect the value of the right-of-use assets as well as the lease liabilities presented in its balance sheet.

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

- potential costs related to a termination of a lease contract, including costs of entering into a new lease contract, such as the costs of its negotiation, costs of relocation, costs of identification of another base asset corresponding with the lessee’s needs, costs on integrating a new asset into the 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

i) Inventory

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

j) Cash and cash equivalents

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

k) Equity

In the 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.

l) Loans and borrowings

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

In subsequent periods, loans and borrowings are measured at amortised cost using the effective interest rate. The 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.

m) 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. Liabilities, the settlement of which according to the contract takes place by issuing financial assets other than cash or by exchange for financial instruments, are valued at fair value.

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

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" together with other 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 does not have information about which supplier and which of its invoices were financed earlier by the factor,

- the term of actual repayment of the supplier's debts covered by the factoring is longer (and is up to 180 days) than the term of repayment of the other suppliers whose debts are not factored (and is 60 days).

n) 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.

o) Revenues

The Group applies IFRS 15 Revenue from Contracts with Customers to all contracts with customers, except for leases within the scope of IFRS 16 Leases, financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.
The fundamental principle of IFRS 15 is to recognise revenue when goods and services are transferred to the customer, at a value that reflects the price expected by the 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.

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

Principal's remuneration vs. agent's remuneration

Based on its analysis of sales contracts, the 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).

Contractual obligations

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

Guarantees

All goods offered by the 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

p) Other operating revenue

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, released provisions, write-downs of non-financial assets, income from social activities, income from complaints, non-trading bonuses, income related to random events and income resulting from the calculation of transfer prices.

q) Financial revenue

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

r) 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.

s) Financial costs

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

t) Income tax

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

Deferred tax is recognised in connection with temporary differences between the carrying value of assets and liabilities, and their value determined for tax purposes. 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.

(in thousand PLN)

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.

u) Valuation of shares in affiliated entities

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

4. Operating segments

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In the current reporting period, sales of spare parts made by the company in Ukraine were additionally disclosed within this segment. The reason for 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, 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.

5. Supplementary information

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

	31/12/2022	**31/12/2021**
Fixed assets on the territory of Poland	1,029,364	946 459
Fixed assets outside the territory of Poland	420,877	236,837
Total fixed assets	**1,450,241**	**1,183,296**

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

(in thousand PLN)

	Sale of spare parts		Sale of spare parts Ukraine		Other		Eliminations		Total	
	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Revenues from external customers	14,393,410	11,405,523	474,563	579,545	417,128	254,295	-	-	15,285,101	12,242,047
Revenues between segments	7,363	4,077	-	-	848,216	634,015	(855,579)	(638,092)	-	-
Interest revenue	*19,047*	*14,951*	-	-	*10*	*11*	*(3,722)*	(2,731)	*15,335*	12,231
Interest costs	*(130,129)*	*(40,660)*	-	-	*(1,483)*	*(542)*	*3,740*	2,695	*(127,872)*	(38,507)
Amortization and depreciation	*(127,801)*	*(103,667)*	-	-	*(38,605)*	*(37,774)*	*11,430*	11,430	*(154,976)*	(130,011)
Profit before tax	**1,010,574**	**867,965**	**(24,681)**	**31,599**	**67,196**	**43,716**	**(127,289)**	**(66,038)**	**925 800**	**877,242**
Shares in results of affiliates – using equity method	**-**	-	**-**	**-**	**-**	-	**-**	-	**-**	-
Total assets	**10,825,658**	**8,450,362**	**142,630**	**201,974**	**665,227**	**576,450**	**(3,627,974)**	**(2,946,120)**	**8,005,541**	**6,282,666**
Capital expenditure (for purchasing tangible assets, intangible assets and investment property)	(177,118)	(83,129)	-	-	-	-	-	-	(177,118)	(83,129)
Total liabilities	**6,571,140**	**4,928,950**	**95 453**	**125,634**	**221,746**	**170,927**	**(2,698,523)**	**(2,032,528)**	**4,189,816**	**3,192,983**

(in thousand PLN)

6. Tangible fixed assets

	31/12/2022	31/12/2021
Land	46,497	43,301
Buildings and structures	193,672	192,104
Real estate available for sale	-	8,078
Plant and machinery	161,173	131,193
Vehicles	46,544	29,692
Other tangible assets	81,424	75,297
Tangible assets under construction	15,960	1,649
Right-of-use assets	392,963	234,977
Total property, plant and equipment	**938 233**	**716,291**

Property, plant and equipment under finance lease agreements

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

- 31 December 2022 – PLN 32,925 thousand,
- 31 December 2021 – PLN 13,279 thousand.

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

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

Borrowing costs

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

(in thousand PLN)

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Properties available for sale	Plant and machinery	Vehicles	Other tangible assets	Tangible assets under construction	Total
Gross value as at 01/01/2021	**43,940**	**246,960**	**8,721**	**305,064**	**71,373**	**255,914**	**6,099**	**938 071**
Increase	**77**	**7,633**	**-**	**19,653**	**17,659**	**16,333**	**(15)**	**61,340**
Acquisition	77	1,271	-	19,652	14,838	16,294	6,587	**58,719**
Transfer	-	6,362	-	1	(133)	39	(6,602)	**(333)**
Lease	-	-	-	-	2,954	-	-	**2,954**
Decrease	**(36)**	**(173)**	**(643)**	**(29,895)**	**(8,291)**	**(2,571)**	**(4,435)**	**(46,044)**
Sale	-	(120)	-	(3,915)	(7,129)	(1,729)	(4,437)	**(17,330)**
Liquidation	-	(15)	-	(26,350)	(1,303)	(750)	-	**(28,418)**
Revaluation	-	-	(643)	-	-	-	-	**(643)**
Foreign exchange gains /losses in subsidiaries	(36)	(38)	-	370	141	(92)	2	**347**
Gross value as at 31/12/2021	**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)	**-**
Lease	-	-	-	-	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**

(in thousand PLN)

AMORTISATION AND IMPAIRMENT LOSSES

	Land	Buildings	Real estate available for sale	Plant and machinery	Vehicles	Other tangible assets	Tangible assets under construction	Total
Accumulated depreciation as at 01/01/2021	**660**	**54,418**	**-**	**170,070**	**44,381**	**170,279**	**-**	**439,808**
Amortization and depreciation	20	7,910	-	22,395	11,981	25,530	-	**67,836**
Sale	-	(1)	-	(3,900)	(5,252)	(704)	-	**(9,857)**
Liquidation	-	(11)	-	(24,936)	(61)	(726)	-	**(25,734)**
Transfer	-	-	-	-	-	-	-	**-**
Accumulated depreciation as at 31/12/2021	**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)**
Transfer	-	-	-	-	-	-	-	**-**
Accumulated depreciation as at 31/12/2022	**707**	**70,431**	**-**	**180,503**	**53,196**	**220,869**	**-**	**525,706**

As at 01 January 2021	**43,280**	**192,542**	**8,721**	**134,994**	**26,992**	**85,635**	**6,099**	**498,263**
As at 31 December 2021	**43,301**	**192,104**	**8,078**	**131,193**	**29,692**	**75,297**	**1,649**	**481,314**
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**

(in thousand PLN)

7. Right-of-use assets

The right-of-use assets comprise 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. As of 31 December 2022, the value of right-of-use assets amounted to PLN 392,963 thousand.

	Points of Sale floor space	vehicles	Office, warehouse space and other	Other	Total
GROSS VALUE OF BENEFICIAL INTEREST					
Value as at 01 January 2021	**287,951**	**3,891**	**73,650**	**4,153**	**369,645**
Conclusion of new agreements	6,187	733	11,867	4,977	23,764
Decreases	3,958	539	9 028	202	13,727
Value as at 31 December 2021	**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	76,107
Value as at 31 December 2022	**308,218**	**4,906**	**282,853**	**14,238**	**610,215**
AMORTISATION AND IMPAIRMENT LOSSES					
Amortization as at 01 January 2021	**72,391**	**917**	**22,375**	**1,006**	**96 689**
Amortization and depreciation	28,677	469	17,846	1,025	**48,017**
Amortization as at 31 December 2021	**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**
NET VALUE					
As at 01 January 2021	**215,560**	**2,974**	**51,275**	**3,147**	**272,956**
As at 31 December 2021	**189,112**	**2,699**	**36,268**	**6,897**	**234,977**
As at 31 December 2022	**173,093**	**2,577**	**206,577**	**10,716**	**392,963**

In 2022, 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 181,206 thousand. The remaining amount of the increases, i.e. PLN 125,433 thousand, is due to an update of the expected lease term of the assets.

(in thousand PLN)

8. Intangible assets

	31/12/2022	31/12/2021
Goodwill, including:	124,130	124,130
- goodwill from merger with JC Auto S.A.	*124,130*	*124,130*
Computer software	22,472	19,195
Other intangible assets, including:	36,407	34,540
- other	*36,407*	*34,540*
Intangible assets under construction	13,065	13,922
	196,074	**191,787**

Impairment test

The Group carried out an impairment test of the Inter Cars Group. The recoverable amount was based on an estimation of value in use. No impairment was identified based on the test.

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

- Projections of cash flows used to estimate the value in use estimated for the whole segment of spare parts.
- The data used for the estimates for 2023 was prepared based on the approved budget and provides for a 6.3% increase of EBIT, whereas the data for 2024-2027 prepared based on the financial forecasts of the Inter Cars Group provide for an annual increase of EBIT of approx. 6.3%.
- Cash flows for remaining years were estimated based on a real growth rate of 1.1%,
- The discount rate used to calculate the value in use was 10.3% 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 7,399 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.

Intangible assets under lease agreements

As at 31 December 2022 the Group had no intangible assets used on the basis of finance lease agreements

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

Borrowing costs

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

(in thousand PLN)

	Goodwill	Computer software	Other intangible assets	Intangible assets under construction	Total
GROSS VALUE OF INTANGIBLE ASSETS					
Gross value as at 01/01/2021	**126,634**	**94 384**	**82,561**	**19,840**	**323,419**
Acquisition	-	6,813	923	16,676	24,412
Transfer from investments	-	2,971	8,574	(11,545)	-
Liquidation	(2,504)	(2,332)	-	(11,049)	(15,885)
Gross value as at 31/12/2021	**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**
AMORTISATION AND IMPAIRMENT LOSSES OF INTANGIBLE ASSETS					
Accumulated depreciation as at 01/01/2021	**-**	**78,518**	**51,227**	**-**	**129,745**
Amortisation for period	**-**	6,524	6,308	-	12,832
Foreign exchange gains /losses	**-**	(92)	(17)	-	(109)
Other	**-**	(2,309)	-	-	(2,309)
Accumulated depreciation as at 31/12/2021	**-**	**82,641**	**57,518**	**-**	**140,159**
Amortisation for period	**-**	11,143	7,810	-	18,953
Foreign exchange gains /losses	**-**	59	(31)	-	28
Liquidation	**-**	(6,544)	(466)	-	(7,010)
Accumulated depreciation as at 31/12/2022	**-**	**87,299**	**64,831**	**-**	**152,130**
Net value					
As at 01/01/2021	**126,634**	**15,866**	**31,335**	**19,840**	**193,675**
As at 31 December 2021	**124,130**	**19,195**	**34,540**	**13,922**	**191,787**
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**

9. Investment property and available-for-sale

Investment property	2022	2021
As at 1 January	2,973	3,133
Change in value measured at fair value	338	(160)
As at 31 December	**3,311**	**2,973**

The Group contracted valuation to the fair value of the real estate in Lublin and in the Masuria region. The valuation was carried out by an independent expert, with recognized professional qualifications, as well as being the holder of experience in valuations of investment real estate. When determining goodwill of the real property the comparative method was applied (goodwill – level 3).

The Group's title to the above property is not restricted. The real estate are purchased lands for investment (construction of branches or lease).

Real estate available for sale

none.

(in thousand PLN)

10. Investments in associates

	2022	2021
As at 1 January	**2,037**	**1,655**
Increase, including:	**2,056**	**383**
- purchase of shares in Brillant 3907 *GMBH (later: Inter Cars Deutschland GmbH)*	*131*	-
- share in results of InterMeko	*424*	*317*
- acquisition of shares in Inter Cars Norge AS	-	*26*
- acquisition of shares in Partslife kft	-	*40*
- other	*1,501*	
Decrease, including:	**(451)**	**1**
- sale of shares of Partslife International Polska Sp. z o.o.	-	*1*
- impairment of shares in OOO Inter Cars Automobilna Technika	*(451)*	-
As at 31 December	**3,642**	**2,037**

Share in affiliated entities – as at 31 December 2022

Name and legal form of associate	*InterMeko Europe sp. z o.o.* (non-quoted company)
Registered seat	Warsaw
Value of purchased shares (in thousand PLN)	566
Percentage of share capital/ total vote held	50%
Associate's assets	4,144*
Liabilities	325*
Revenues	4,429*
Net result	849*

Name and legal form of associate	*Partslife International Kft.* (non-quoted company)
Registered seat	Dunakeszi, Hungary
Value of purchased shares (in thousand PLN)	1,189
Percentage of share capital/ total vote held	33%
Associate's assets	4,704*
Liabilities	2,145*
Revenues	292*
Net result	57*

* not audited

11. Investments available for sale

	2022	2021
As at 1 January	**298**	**299**
Increase	930	-
Acquisition of shares in Partslife International Kft	930	-
Decrease	-	1
Sale of shares in Partslife International Polska Sp. z o.o.	-	1
As at 31 December	**1,228**	**298**

Investments available for sale are shares in other entities, i.e. ATR, Partslife GmbH and Partslife International Kft, which are not a subject of sales on any market. The Group holds 3.44% in ATR, 2.27% in Partslife GmbH, and 33.33% in Partslife International Kft

(in thousand PLN)

12. Deferred tax

Deferred Tax Assets and Liabilities

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

As at 31 December 2022	**Assets**	**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
Finance 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**

As at 31 December 2021	**Assets**	**Liabilities**
Intangible assets	1,193	17,149
Tangible fixed assets	3,568	9 965
Investment property	1,033	-
Inventory	55,243	13,383
Trade and other receivables	15,052	1,924
Finance lease liabilities	405	-
Trade and other payables	28,656	103,802
Deferred tax assets/liabilities	**105,151**	**146,223**
Deferred tax offset against liabilities	(88,951)	(88,951)
Deferred tax liabilities as disclosed in the balance sheet	**16,200**	**57,272**

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 76,686 thousand of the asset and PLN 107,965 thousand of the deferred tax liability will be realised.

Deferred tax presented in the periods was recognized in relation to all balance sheet positions, which constitute temporary differences, except for the temporary difference between taxable and balance sheet value of trademarks reported in related entity Inter Cars Marketing Services Sp. z o.o Unrecognised deferred tax asset amounted to PLN 3,301 thousand as at 31 December 2022 and PLN 11,203 thousand as at 31 December 2021. Aforementioned deferred tax assets were not recognized because of uncertainty of possibility of realization of related economic benefits. Moreover, 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 as at 31 December 2022. The asset of PLN 90 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 the Company, for running business activities in the Warmian-Mazurian Special Economic Zone. The Company 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 Company can only use the 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.

Shall any of above-mentioned conditions not be kept, the Company shall be obliged to return any tax allowance it has realized, but in the opinion of the Board, as at the reporting date such risk does not exist.

(in thousand PLN)

Change in deferred tax assets	**2022**	**2021**
As at beginning of period	105,152	92 922
Increase	(13,922)	12,229
As at end of period	**91 230**	**105,151**

Change in deferred tax liabilities	**2022**	**2021**
As at beginning of period	146,223	94 826
committed in the reporting period	(21,960)	51,397
As at end of period	**124,263**	**146,223**

	31/12/2021	**Effect on net profit**	**31/12/2022**
Deferred tax assets	105,152	(13,922)	91 230
Deferred tax liabilities	(146,223)	21,960	(124,263)
	(41,071)	**8,038**	**(33,033)**

13. Inventory

	31/12/2022	**31/12/2021**
Materials	83,365	48,586
Half-products and work in progress	7,180	6,020
Finished goods	9 173	3,777
Merchandise	3,996,388	3,053,630
	4,096,106	**3,112,013**
Merchandise	4,008,506	3,064,245
Impairment	(12,118)	(10,615)
	3,996,388	**3,053,630**

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 3,054 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 1,503 thousand was recognised in the statement of comprehensive income under other operating expenses.

Change in impairment losses on inventories

	2022	**2021**
As at beginning of period	(10,615)	(10,564)
(increase) / decrease	(1,503)	(51)
As at end of period	**(12,118)**	**(10,615)**

(in thousand PLN)

14. Trade and other receivables

	31/12/2022	31/12/2021
Trade receivables	1,345,068	1,102,355
Receivables from suppliers on trade bonuses	427,385	407,661
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	137,974	89,361
Other receivables and accrued expenses	136,339	90 352
Loans granted	2,233	3,492
Short term trade and other receivables – gross	**2,048,999**	**1,693,219**

As at 31 December 2022, 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 prepaid expenses of PLN 83,875 thousand, and other receivables such as prepayments to suppliers, deposits, paid guarantees in commercial tenders, receivables from insurers and settlements with employees and branch owners.

Change in impairment loss on trade receivables

	2022	2021
Status as at the beginning of the period	(23,941)	(30,920)
Increase	(5,664)	(1,938)
Used	2,003	8,917
Status as at the end of the period	**(27,602)**	**(23,941)**
Short-term trade and other receivables – net	**2,021,397**	**1,669,278**

The amount of the write-down of receivables of PLN 3,661 thousand was recognised in the statement of comprehensive income under other operating expenses.

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.

Maturity structure of non-current trade receivables and other receivables	**31/12/2022**	**31/12/2021**
Up to 12 months	2,048,999	1,693,219
	2,048,999	**1,693,219**

Maturity structure of receivables	**31/12/2022**		**31/12/2021**	
	Gross	**Impairment**	**Gross**	**Impairment**
Unmatured	1,746,358	1,403	1,471,462	642
From 1 to 30 days	199,732	839	129,848	124
From 31 to 60 days	39,886	534	35,218	134
From 61 to 90 days	7,369	1,185	6,484	113
From 91 to 180 days	5,363	1,754	7,010	43
From 181 to 270 days	3,911	1,705	2,456	791
From 271 to 360 days	4,021	1,156	2,524	(56)
Over 1 year	42,359	19,026	38,217	22,150
Total	**2,048,999**	**27,602**	**1,693,219**	**23,941**

(in thousand PLN)

Currency structure of non-current trade and other receivables (gross)	**31/12/2022**	**31/12/2021**
Local currency	879,274	709,492
Foreign currencies	1,169,725	983 727
	2,048,999	**1,693,219**
Receivables in EUR	723,728	697,169
Receivables in other currencies	445,997	286,558
	1,169,725	**983 727**

Loans granted	**31/12/2022**	**31/12/2021**
Current loans	2,233	3,492
Non-current loans and borrowings	10,926	6,057
	13,159	**9 549**

Non-current receivables	**31/12/2022**	**31/12/2021**
Non-current loans and borrowings	9 385	6,057
Security deposits	23,696	17,125
Other	3,375	2,028
	36,456	**25,210**

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 36.

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.

15. Cash and cash equivalents

	31/12/2022	**31/12/2021**
Cash in hand	17,327	28,096
Cash at bank	284,647	171,974
On VAT split payment bank accounts	14,133	18,186
Cash in transit	40,391	21,971
Cash on accounts of the Company's Social Benefits Fund	692	438
Cash	**357,190**	**240,665**

Cash	**31/12/2022**	**31/12/2021**
In local currency	54,612	45,126
In foreign currencies	302,578	195,539
	357,190	**240,665**

With the exception of cash on accounts of the Group's Social Benefits Fund and VAT Split payment, the Group does not hold any restricted cash.

In accordance with Polish law, Companies administer the Company's Social Benefits Funds on behalf of its employees. Contributions to the Company's Social Benefits Funds are deposited in a separate account.

The credit risk concentration with respect to cash is limited as the 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 2022 taking into account the credit rating of financial institutions is as follows:

(in thousand PLN)

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%.

16. Share capital and share premium account

As at 31 December 2022, 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. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

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

17. Net profit per share

Basic profit per share

Net profit per share calculated based on net profit for the period in the amount of PLN 745,698 thousand (2021: PLN 699,580 thousand) and the weighted average number of shares – 14,168 thousand (2020: PLN 14,168 thousand): presented below:

Weighted average number of shares	**2022**	**2021**
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 (cont.) *Basic profit per share*	**2022**	**2021**
Net profit for period	745,698	699,580
Weighted average number of shares	14,168,100	14,168,100
Net earnings per 1 share (in PLN)	52.63	49.38

Diluted earnings per share

In 2022 and 2021 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.

(in thousand PLN)

18. 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 36.

The syndicated credit facility agreement

On 7th November 2022, a technical annex was signed to the term and revolving facility contracts of 14 November 2016. Under the Annex, the maturity date of the revolving credit facilities has been postponed and aligned with the maturity date of the term loan. The extension of the maturity dates of the revolving credit facilities and the term loan facility to the target dates of 30 November 2023 for the revolving credit facilities and 30 November 2025 for the term loan facility was implemented in the Loan Agreement by an Annex concluded on 7 December 2022.

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

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

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

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

Bank credits concluded directly by subsidiary companies:

In May 2022, Inter Cars Česká republika s.r.o Company . signed an annex to the credit agreement, under which the credit limit has been increased to CZK 200 million (PLN 38,840 thousand) with maturity date on 28 February 2023.

Inter Cars Romania s.r.l. has a credit line facility with RON 70m limit (PLN 66,325 thousand) in Bank ING Bank N.V repayable by 30 November 2023.

Inter Cars INT d.o.o. concluded a loan agreement with SKB Banka in the amount of EUR 6 million (PLN 28,139 thousand) with maturity date of 7 December 2023 and an investment loan with the same bank in the amount of EUR 1.3 million (PLN 6,097 thousand), with maturity date of 1 August 2025.

Inter Cars Bulgaria Ltd. concluded a credit agreement with KBC (formerly Raiffeisenbank EAD) for a credit line of EUR 10 million (PLN 46,890 thousand) with maturity date of 31 October 2023 In addition, in August 2022, the company entered into a loan agreement with UniCredit Bulbank AO for EUR 10 million (PLN 46,890 thousand), with maturity date of 31 July 2023.

Inter Cars d o.o. Bosnia and Herzegovina concluded a credit agreement with Bank Intesa Sanpaolo Banka d.d. for the amount BAM 4 million (PLN 9,575 thousand), repayable by 15 April 2024.

Non-current	**31/12/2022**	**31/12/2021**
Secured bank loans	728,874	580,792
Finance lease liabilities	607,784	436,956
	1,336,658	**1,017,748**

(in thousand PLN)

Current	**31/12/2022**	**31/12/2021**
Secured bank loans	1,158,567	643,027
Finance lease liabilities	169,970	124,947
	1,328,537	**767,974**

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 Slovenska Republika s.r.o.		34,541	
Lauber Sp. z.o.o.		12,473	
ING Bank N.V. (Inter Cars Romania s.r.l.)	**66,325**	**49,446**	30/11/2023
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	**38,840**	**27,594**	28/02/2023
SKB Banka (ICSI - Inter Cars INT D o.o.)	**28,139**	**13,976**	08/12/2022
Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	**46,899**	**46,289**	31/07/2023
KBC Bank Bulgaria EAD (Inter Cars Bulgaria Ltd.)	**46,899**	**42,359**	31/10/2023
	1,532,476	**1,159,445**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	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**	

Loans and borrowings as at 31/12/2021

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	**1,000,374**	**530,521**	12/11/2022
Inter Cars S.A.		495,106	
Inter Cars Slovenska Republika s.r.o.		25,715	
Lauber Sp. z.o.o.		9 700	
ING Bank N.V. (Inter Cars Romania s.r.l.)	**65,051**	**46,592**	11/11/2022
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	**28,398**	**23,346**	30/04/2022
SKB Banka (ICSI - Inter Cars INT D o.o.)	**13,798**	**9 659**	08/12/2022
Raiffeisenbank (Bulgaria) EAD (Inter Cars Bulgaria Ltd)	**45,994**	**42,263**	30/10/2022
	1,153,615	**652,381**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	643,814	565,500	14/11/2024
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	9 466	9 384	15/04/2024
	653,280	**574,884**	

As at balance sheet date of 31 December 2022, total liabilities under loans and borrowings amounted to PLN 1,899,512 thousand of which PLN 1,643,412 thousand is denominated in PLN and PLN 193,974 thousand is denominated in EUR, whereas PLN 49,446 thousand applies to credit denominated in RON, and PLN 12,679 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 2022):

	Use in nominal value	**Share in the amount drawn**
Syndicated loan agreement		
CaixaBank S.A.	99 059	5.21%
Bank Pekao S.A.	554,192	29.18%
Bank Handlowy S.A.	197,535	10.40%
Santander	187,213	9.86%
Bank BGŻ BNP Paibas S.A.	188,502	9.92%
mBank S.A.	242,159	12.75%
ING Bank Śląski S.A.	198,394	10.44%
Other credits		
Citibank Europe PLC Slovakia	34,541	1.82%
ING Bank N.V. (Inter Cars Romania s.r.l.)	49,446	2.60%
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	27,594	1.45%
SKB Banka (ICSI - Inter Cars INT D o.o.)	19,550	1.03%
KBC Bank Bulgaria EAD and Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	88,648	4.67%
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	12,679	0.67%
	1,899,512	**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 2022 in the amount of PLN 3,054 million registered pledge 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.

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

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

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

As at 31 December 2022 the Group met all terms and conditions of the facility. As at 31 December 2022, the values of the ratios were as follows:
- EBITDA ratio value amounted to PLN 1,121,650 thousand.

(in thousand PLN)

− the Group's operating profit to paid interest on financial debt of all Group companies amounted to 10.4;
− net debt to EBITDA was 1.4
− the Group's equity to its aggregate balance-sheet total was 47.7%.

Inter Cars may approve and pay dividend only if the following conditions are met:
- the total amount of dividend paid for a given financial year does not exceed 40 or 60% of the net profit;
- the financial ratios are maintained at a satisfactory level and dividend payment would not result in failure to meet the requirements with respect to any of the key ratios.

The rate of interest of the credits is variable and shall depend, for each interest rate period, on WIBOR interest reference rate, plus agreed on the basis of the Credit Facility Agreement (at arm's length) margins of the creditors.
The effective interest rate as at the reporting date was 8.9 %.

19. Lease liabilities

Liabilities under finance lease liabilities related to the lease of property, plant and equipment. For more information, see note 6.
Separately, finance lease liabilities under IFRS 16 are presented and relate to liabilities for the right to use office, warehouse and branch office space and other property, plant and equipment. For more information, see note 7.
IFRS 16 provides for exceptions from the general lease model related to short-term lease contracts (i.e. shorter than 12 months) and lease of low-value assets (e.g. laptops).
The Company has decided to apply the above exemptions provided for by the standard and recognized the fees on a straight-line basis in the profit or loss for the current period. More information to be found in Note no 34.

Finance lease	**31/12/2022**	**31/12/2021**
Payments under lease agreements	43,071	10,985
Discount	(3,290)	(553)
Present value of liabilities under leases	**39,781**	**10,432**
Payments under lease agreements		
Up to 1 year	21,399	4,091
Between 1 and 5 years	21,672	6,894
	43,071	**10,985**
Present value of liabilities under leases		
Up to 1 year	19,983	3,840
Between 1 and 5 years	19,798	6,592
	39,781	**10,432**

Finance lease IFRS 16 Right-of-use	**31/12/2022**	**31/12/2021**
Payments under lease agreements	444,584	276,471
Discount	(37,583)	(30,914)
Present value of liabilities under leases	**407,001**	**245,557**
Payments under lease agreements		
Up to 1 year	76,948	58,546
Between 1 and 5 years	300,047	173,555
Over 5 years	67,589	44,370
	444,584	**276,471**

(in thousand PLN)

Finance lease IFRS 16 Right-of-use (cont.)

Present value of liabilities under leases		
Up to 1 year	69,380	51,154
Between 1 and 5 years	275,517	152,003
Over 5 years	62,104	42,400
	407,001	**245,557**

Liabilities under leases are related to the lease of property, plant and equipment. For more information, see Notes 6 and 7.

Issuance of bonds

The Company did not issue any commercial bonds in 2022.

20. Trade and other liabilities

	31/12/2022	**31/12/2021**
Trade payables to other entities	1,133,737	1,030,692
Receivables from suppliers on trade bonuses	(208,447)	(141,697)
Trade and other liabilities– passed for factoring	119,969	110,076
Taxes, duties, social security and other benefits payable	106,730	110,578
Other payables and accrued expenses	159,758	124,729
	1,311,747	**1,234,378**

Maturity structure of trade payables, including those submitted for factoring	**31/12/2022**	**31/12/2021**
Up to 12 months	1,045,259	999 071
	1,045,259	**999 071**

Currency structure of trade and other payables	**31/12/2022**	**31/12/2021**
Payables in PLN	615,570	606,775
Foreign currencies	696,177	627,603
	1,311,747	**1,234,378**

Translated into PLN	**31/12/2022**	**31/12/2021**
Liabilities in EUR	422,471	350,679
Liabilities in USD	141,831	124,301
Liabilities in other currencies	131,875	152,623
	696,177	**627,603**

21. Employee benefits

	31/12/2022	**31/12/2021**
Salaries and wages	33,287	27,653
Company's Social Benefits Fund	413	394
	33,700	**28,047**

(in thousand PLN)

22. Income tax liabilities

Maturity structure of tax payables	**31/12/2022**	**31/12/2021**
Up to 12 months	119,004	79,190
	119,004	**79,190**

Currency structure of tax payables	**31/12/2022**	**31/12/2021**
Local currency	62,987	68,223
Foreign currency, denominated in PLN	56,017	10,967
	119,004	**79,190**

23. 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 of IFRS 16 Subleases on particular items of the financial statements as of 31 December 2022 was as follows:

	Inter Cars Group	**Inter Cars S.A.**
Financial sub-lease receivables (tangible assets)	250,366	95 945
Financial sub-lease receivables (operating assets)	80,607	45,956
Liabilities due to lease transformed into sub-lease (Long-term liabilities)	250,366	95 945
Liabilities due to lease transformed into sub-lease (Short-term liabilities)	80,607	45,956

Sub-lease	**31/12/2022**	**31/12/2021**
Payments under lease agreements	356,386	333,906
Discount	(25,413)	(27,992)
Present value of liabilities under leases	**330,973**	**305,914**
Payments under lease agreements		
Up to 1 year	89,001	83,442
Between 1 and 5 years	250,415	231,773
Over 5 years	16,970	18,691
	356,386	**333,906**
Present value of liabilities under leases		
Up to 1 year	80,607	72,950
Between 1 and 5 years	234,758	215,673
Over 5 years	15,608	17,291
	330,973	**305,914**

24. Sales revenues

1. 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 at a specific point in time, i.e. when a customer gains control over the goods.
Due to the bonuses and returns policy applied, the Group, following the IFRS 15, decreases the value of the revenues by an estimated cost of such bonuses and returns.

2. 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 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.

3. 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.

4. Sale of vehicles

The Group sells ISUZU and FORD Truck vehicles.

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

	01/01/2022 - 31/12/2022	**01/01/2021-31/12/2021**
Revenues on sales of commodities and materials	14,887,254	11,960,723
Revenue from the sale of cars	259,151	133,402
Revenue from sales of services	53,146	74,790
Revenue on the sale of products	85,550	73,132
	15,285,101	**12,242,047**

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

The other sales revenue include mainly income generated by lease of warehouse area and selling marketing services connected with basic operations. During the period from 1 January 2022 to 31 December 2022 and the comparative period, no revenue exceeding 10% of the Group's sales revenue was realised with any customer.

Geographical structure of sales

	2022		**2021**	
	(in thousand PLN)	**(%)**	**(in thousand PLN)**	**(%)**
Sales in Poland	6,908,285	45%	5,725,702	47%
Sales outside Poland	8,376,816	55%	6,516,345	53%
Total	**15,285,101**	**100%**	**12,242,047**	**100%**

(in thousand PLN)

25. Cost of sales

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Value of goods and materials sold	10,512,848	8,413,232
Sold gods	76,442	64,355
Foreign exchange (gains) / losses	40,824	13,192
Cost of sales	**10,630,114**	**8,490,779**

26. Selling cost, general and administrative expenses

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Amortization and depreciation	154,976	130,011
Materials and energy consumption	266,145	205,838
External services	2,608,851	2,084,207
Taxes and charges	16,102	12,361
Salaries	397,311	327,674
Social security and other benefits	88,942	69,397
Other costs by kind	137,785	117,130
Total costs by kind	**3,670,112**	**2,946,618**
(minus) Cost of products sold	(163,292)	(133,226)
(minus) Change in the balance of finished products and work in progress	6,168	-
(minus) Cost of distribution realized by branches	(1,529,288)	(1,242,393)
Selling cost, general and administrative expenses	**1,983,700**	**1,570,999**

27. Other operating revenue

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Gain on disposal of non-financial non-current assets	1,971	721
Compensation, penalties and fines received	4,046	4,920
Marketing rebates	24,116	11,296
Other rebates	-	4,187
Impairment losses on past due liabilities	1,038	4,685
Early payment discount	970	2,725
Other sales	26,097	6,116
Reversal of provisions	957	5,507
Other	7,286	9 413
	66,481	**49,570**

28. Other operating expenses

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Damage to stock	24,776	20,137
Expenses related to complaints	1,871	2,764
Inventory lacks	13,095	9 081
Compensations	1,326	87
Insurances	1,256	1,468

(in thousand PLN)

Other operating expenses (cont.)	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Past due receivables recognised as impairment losses	17,024	5,612
Impairment of stock write off	2,932	5,389
Provisions made	-	3,769
Donations	3,471	681
Revaluation of non-financial assets*	70,719	803
Rebates granted	41	3,918
Scrapping	1,314	5,471
Other**	28,423	19,553
	166,248	**78,733**

* the item "Revaluation of non-financial assets" 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.

1. Finance income and expenses

Financial revenue	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Interest on loans and borrowings	626	282
Other interest	13,916	1,291
Interest due to sub-lease	11,389	10,772
Foreign exchange gain/loss	-	3,419
Profit on sale of investments	169	575
Other	1,582	174
	27,682	**16,513**

Financial costs	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Interest expense under bank loans	99 302	16,943
Other interest	4,776	1,799
Interest due to sub-lease	11,389	10,773
Interest under finance lease (right-of-use)	12,348	8,994
Fees and commissions	11,984	8,624
Foreign exchange gain/loss	2,020	-
Other	2,719	1,167
	144,538	**48,300**

(in thousand PLN)

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)**

Foreign exchange gains/losses in the period from 1.01.2021 to 31.12.2021	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	12,577	-	12,577
Other	-	(9)	(9)
Realised foreign exchange gains/(losses)	**12,577**	**(9)**	**12,568**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(25,769)	-	(25,769)
Other	-	3,428	3,428
Unrealised foreign exchange gains/(losses)	**(25,769)**	**3,428**	**(22,341)**
Total foreign exchange gains/(losses)	**(13,192)**	**3,419**	**(9,773)**

2. Structure of cash for the statement of cash flows

Corporate income tax paid

	2022	**2021**
Current corporate income tax disclosed in the statement of comprehensive income	(188,141)	(138,495)
Adjustment of comprehensive income	-	-
Change in income tax payable	39,814	8,473
Corporate income tax paid	**(148,327)**	**(130,022)**

Increase (decrease) in receivables

	2022	**2021**
Change in trade and other receivables	(352,119)	(477,677)
Change in non-current receivables	(11,246)	(2,104)
Change in Loans granted	3,179	(204)
Change in receivables under rental	(25,059)	(30,353)
Increase (decrease) in receivables	**(385,245)**	**(510,338)**

(in thousand PLN)

Change in Loans granted

	2022	2021
Loans granted	(7,203)	(3,466)
Repayment of loans granted	4,024	3,670
Interest received	712	281
Interest accrued	(656)	(282)
Foreign exchange gains /losses	(56)	1
Change in Loans granted	**(3,179)**	**204**

Change in loans, borrowings, debt securities and finance lease liabilities

	31/12/2022	31/12/2021
Change in loans, borrowings, debt securities and finance lease liabilities	853,874	159,010
Change in trade and other liabilities	75,743	420,750
Change in employee benefits liabilities	5,653	(5,452)
Change in total liabilities	935 270	574,308
of which:		
Recognition of new leasing agreements (IFRS 16)	(220,428)	(11,364)
Change in liabilities due to lease transformed into sub-lease	25,059	30,353
Cash inflows on credits and loans	(675,478)	(221,453)
Repayment of loans and borrowings	6,475	16,142
Financial lease contracts liabilities	143,810	92 042
Other	(2,636)	1,301
Change in liabilities following adjustments total	**212,072**	**481,329**

Net interest

	2022	2021
Interest paid	(124,529)	(37,802)
Interest received	12,148	282
Net interest	**(112,381)**	**(37,520)**

Other adjustments, net

	2022	2021
Foreign exchange gains /losses	462	16,831
Change in other non-current liabilities	(1,626)	701
Other adjustments, net	**(1,164)**	**17,532**

3. Income tax

Income tax recognised under current period profit or loss

	01/01/2022 - 31/12/2022	01/01/2021- 31/12/2021
Current income tax	188,140	138,495
Change in deferred income tax	(8,038)	39,167
Income tax disclosed in statement of comprehensive income	**180,102**	**177,662**

(in thousand PLN)

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

Effective tax rate	**01/01/2022 - 31/12/2022**	**01/01/2021-31/12/2021**
Gross profit (without share of the result of the affiliate)	**925 800**	**877,242**
Tax based on 19% rate	(175,902)	(166,676)
Tax rates gains/losses *	6,803	365
Tax from previous years	-	-
Permanent differences		
Costs / incomes not subject to taxation	(11,003)	(11,351)
Current income tax disclosed in statement of comprehensive income	**(180,102)**	**(177,662)**

* 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.

4. 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 pay-out of dividend on operating profit for 2022.

Till the day of preparation of these financial statements the Board of Managers of the Company had not approved the proposal of distribution of profits for 2022. The dividend policy of the Company projects dividend pay-out in the amount not lower than 60% of consolidated net profit of Inter Cars S.A. Capital Group for a given accounting year.

On 29 April 2022, the Company's Management Board passed a resolution to accept the Board's motion for the distribution of the 2021 profit, in conformity with which the Board shall motion for the distribution of the 2021 profit in such a way, that from the net profit of PLN 482,162,138.66 for 2021, the amount of PLN 20,118,702,00, i.e. PLN 1.42 per share shall be paid out to the shareholders in the form of a dividend, whilst the remaining amount of the profit in the amount of PLN 462,043,436.66 shall be transferred to supplementary capital. The Board also took a decision to propose to the General Shareholders Meeting the day of dividend for 30 June 2022 and pay-out of the dividend for 14 July 2022.

The Company's Supervisory Board acknowledged and approved the Management Board's motion of 29 April 2022 regarding the distribution of the 2021 profit and recommended that the Company's Shareholders Meeting adopt a resolution on distributing the 2021 profit in conformity with the Management Board's motion.

On 31 May 2022, the Ordinary General Shareholders' Meeting of the Company, upon request of the Management Board in this regard, which was approved by the Supervisory Board, adopted a resolution on the distribution of profit for the financial year 2021, according to which the profit generated in 2021 shall be distributed in such a way that from the net profit generated in 2021 in the amount of PLN 482,162,138.66, the amount of PLN 20,118,702, i.e. PLN 1.42 per share, will be paid to shareholders as dividend, while the remaining part of the profit in the amount of PLN 462,043,436.66 will be allocated to the reserve capital. In addition, the Annual General Shareholders' Meeting of the Company set the dividend date at 30 June 2022 and the dividend payment date at 14 July 2022.

The dividend was paid out on 14 July 2022

As at the date of publication of the report, no decision on the distribution of profit for the financial year 2022 had been taken.

(in thousand PLN)

Dividend per share

	01/01/2022 - 31/12/2022	01/01/2021-31/12/2021
Dividend resolved and paid out to the reporting date	20,119	20,119
Number of shares with right to dividend as per resolution of the General Shareholders Meeting	14,168,100	14,168,100
Dividend per share (in PLN)	1.42	1.42

5. Unrecognised liabilities under executed agreements

Tax liabilities

Regulations on VAT, corporate and personal income tax and social security contributions change frequently, and as a consequence often there is no possibility of relying on established regulations or legal precedents. The regulations in effect tend to be unclear, thus leading to differences in opinions as to their legal interpretation, both between state authorities and between state authorities and entrepreneurs. Tax and other settlements (customs duty or currency settlements) may be inspected by authorities entitled to impose material penalties, and any additional amounts assessed following an inspection must be paid together with interest. Consequently, the tax risk in Poland and in Central and Eastern Europe countries is higher than in other countries with more developed tax systems.

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

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

Guaranties and sureties

As at 31 December 2022 , the total amount of sureties and guarantees issued by the Parent Company for unrelated entities was PLN 10,571 thousand.

Sureties and guaranties	2022	2021
As at beginning of period	10,142	17,445
Issued and increases	662	124
Expired	(233)	(7,427)
As at end of period	**10,571**	**10,142**

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 Warsaw Airport.

6. Operating leases

The Inter Cars Group is a party to car, storage, and office space lease contracts.

Costs of lease of storage space related directly to the activity of the branches and covered by the Group are re-invoiced in large part to the end users (entities running the branches) throughout the entire period during which they use such space (including the termination notice period).

However, the costs of cars, storage and office spaces leased by the branches managed by the Group and the warehouse spaces used for logistics operations are paid for in full by the Group.

Following the adoption of IFRS 16, the Group recognised its lease liabilities previously classified as 'operating lease' in finance lease liabilities and, in the case of sublease as liabilities due to lease transformed into sub-lease.

Due to their value and term, the other lease contracts were recognized as operating lease, but their value is not important.

(in thousand PLN)

Future minimum fees on an irrevocable financial lease

	31/12/2022	31/12/2021
Up to 1 year	399	298
Over 1 year	228	69
	627	**367**

	31/12/2022	31/12/2021
Indefinite period	43	28
	43	**28**

7. Transactions with related entities

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

The Group executed transactions with entities related 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.

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

	01/01/2021 - 31/12/2021		31/12/2021	
	Sale to related entities	Purchase from related entities	Receivables from related entities	Payables to related entities
Affiliated entities	138	848	106	56
Other related entities of Inter Cars S.A.	295	656	29	-

Loans granted	31/12/2022	31/12/2021
Loans to subsidiary companies within the Group and associated entities	46,612	30,826
	46,612	**30,826**

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

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

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

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.

(in thousand PLN)

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

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

In the financial year ended on 31 December 2022 and 31 December 2021, 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.

8. Financial risk management

Credit risk

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

Credit risk is associated mainly with other receivables, cash and cash equivalents, as well as trade receivables. 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.

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

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

	31/12/2022	31/12/2021
Loans granted	13,159	9 549
Trade and other receivables (excluding loans granted)	2,375,677	1,971,702
Cash and cash equivalents	357,190	240,665
	2,746,016	**2,221,916**

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 14; 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 15

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 2022, the Group did not use liabilities of fixed interest rate.

(in thousand PLN)

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	**31/12/2022**	**31/12/2021**
Financial assets (loans granted)	13,159	9 549
Cash assets in bank accounts	298,780	190,160
Financial liabilities (liabilities under loans, borrowings debt securities and finance leases)	(2,665,196)	(1,480,349)
	(2,353,257)	**(1,280,640)**

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

as at 31 December 2021	**basis points increase/decrease**	**Impact on net profit / loss**
	+100 / -100	(9,259)/ 9259
	+200 / -200	(18,519)/ 18519

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 also in UAH, EUR, CZK, LTL, LVL, HUF, HRK, BGN, RON, MDL and BAM. The Group did not enter any foreign currency future purchase or sales contracts between 1st January to 31 December 2022.

	EUR	USD	RON	Other	EUR	USD	RON	Other
	31 December 2022				**31 December 2021**			
Trade receivables	723,729	1,333	185,563	259,101	697,169	1,145	139,453	145,960
Cash	157,364	7,056	13,921	124,237	64,519	167	14,695	116,158
Bank credits	(188,400)	-	(49,446)	(12,679)	(179,165)	-	(46,592)	(9,384)
Trade payables	(422,471)	(141,831)	(64,067)	(67,808)	(350,679)	(124,301)	(44,203)	(108,420)
Gross balance sheet exposure	**270,221**	**(133,442)**	**85,971**	**302,851**	231,844	**(122,989)**	**63,353**	**144,314**

(in thousand PLN)

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 2022**	**as at 31 December 2021**
EUR	+5% / -5%	10,944/(10,944)	9 389/(9 389)
	+10% / -10%	21,888/(21,888)	18,778/(18,778)
USD	+5% / -5%	(5,404)/5,404	(4,981)/4,981
	+10% / -10%	(10,808)/10,808	(9,963)/9,963
RON	+5% / -5%	3,482/(3,482)	2,566/(2,566)
	+10% / -10%	6,964/(6,964)	5,131/(5,131)
Other	+5% / -5%	12,266/(12,666)	5,845/(5,845)
	+10% / -10%	24,532/(24,532)	11,689/(11,689)

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:

	31/12/2022	**31/12/2021**
Current assets	6,555,300	4,691,710
Short-term liabilities	2,792,988	1,709,390
Surplus of current assets over short-term liabilities	3,762,312	2,982,320
Current ratio	2.35	2.74
Quick ratio	0.88	0.92
Cash ratio	0.13	0.14

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

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

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

Liquidity risk (cont.)

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 2022. 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 2022 (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 2021. This shows the Group’s financial liquidity is kept at the right level.

(in thousand PLN)

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

31/12/2022	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings and bonds	-	-	1,158,567	728,875	-	1,887,442
finance lease liabilities	-	24,587	73,760	321,719	67,589	487,655
liabilities due to finance lease transformed into sub-lease	-	22,250	66,751	250,415	16,970	356,386
trade and other payables	79,100	1,135,997	63,565	33,069	16	1,311,747
	79,100	**1,182,834**	**1,362,643**	**1,334,078**	**84,575**	**4,043,230**

31/12/2021	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings and bonds	-	-	650,488	573,872	-	1,224,360
finance lease liabilities	-	15,659	46,978	180,449	44,370	287,456
liabilities due to finance lease transformed into sub-lease	-	20,861	62,582	231,773	18,691	333,906
trade and other payables	411,913	709,326	3,679	(622)	6	1,124,302
	411,913	**745,846**	**763,726**	**985 472**	**63,067**	**2,970,024**

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 18).

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.

	31/12/2022	**31/12/2021**
Loan, borrowing and finance lease liabilities	2,334,223	1,480,349
Trade and other liabilities	1,191,778	1,124,302
(less) cash and cash equivalents	(357,190)	(240,665)
Net debt	3,168,811	2,363,986
Equity	3,815,725	3,089,684
Net debt to equity	**0.83**	**0.77**

Fair value

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

Climate risk

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

9. Events subsequent to the balance sheet date

On 15 March 2023, the company "DANXILS sp. z o.o." was established The object of the company activity will be to build a distribution network in Poland in response to the high demand for fast and overnight logistics solutions in Eastern Europe.
The partners are: ILS sp. z o.o with its registered seat in Swobodnia and DANX GROUP A/S with its registered seat in Ishoj Denmark.
ILS sp z o.o. acquired and paid for 35,255 shares with a nominal value of PLN 50 each, for a total amount of PLN 1,762,750, representing 50% of the share capital of DANXILS sp. z o.o.

10. Material 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 12 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 13 Impairment losses on stock (the Management Board analyses whether or not there is a possibility of impairment of stock. In the event of identification of impairment, net obtainable values are to be evaluated),
- Note 14 Impairment loss on receivables (as at the balance sheet date, the 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 6/7/8 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets (the amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board of the 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 23 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 19 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 8 Intangible assets
  The Group performs impairment tests for goodwill on an annual basis. For the 2022 and 2021 reporting periods, the recoverable amount of cash-generating units was determined based on a value-in-use calculation that required the use of assumptions. The calculations use cash flow projections based on five-year financial budgets approved by management.

Cash flows beyond the five-year period are extrapolated using estimated growth rates. These growth rates are in line with industry forecasts.

- Note 19/23 Finance lease liabilities/ Liabilities and receivables due to lease transformed into sub-lease
  All leases entered into for an indefinite or fixed term with the possibility of renewal have been analysed in detail and classified as leases for the expected lease term individually estimated for each contract, taking into account existing business plans and other contracts justifying using a leased object over a given period. The assumed lease term is subject to update at the end of each quarter when the option to extend or reduce the lease term is exercised. For contracts without a contractually specified end date, the previously assumed lease term is extended by a further three months or reduced to its actual value if, in the opinion of the Management Board, there is economic and business justification for doing so.
- Note 13 Inventory, Note 14 Trade and other receivables, Note 19. 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.

11. Continued and discontinued operations

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

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

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

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

During the first weeks of the Russian invasion, Inter Cars Ukraine, based in Khmelnytskyi, Ukraine, in which the Group holds a 100% stake, had to suspend its operational activities. On 1 April 2022, the central warehouse of Inter Cars Ukraine was destroyed as a result of the hostilities. The was located in Kiev region, in Gorenka village, in Bucha region. As a result of the above, the Company made a write-down for the assets located in the above mentioned central warehouse, including inventories and fixed assets, in the total amount of PLN 75 million.

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

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

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

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

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

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

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

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

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

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 2022 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 26 April 2023.

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

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

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

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

Maciej Oleksowicz
President of the Management Board

Krzysztof Soszyński
Vice-President of the Management Board

Wojciech Twaróg
Member of the Management Board

Piotr Zamora
Member of the Management Board

Julita Pałyska
Person responsible for keeping the accounting books

Warsaw, 26 April 2023.