INTER CARS SPÓŁKA AKCYJNA

ANNUAL SEPARATE FINANCIAL STATEMENTS

2023

This document is a pdf copy of the official annual report, which was produced in xhtml format.

ANNUAL SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD from 1 January to 31 December 2023

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Financial highlights:

in thousand PLN	for the period of 12 months ended on		for the period of 12 months ended on	
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**
	PLN	*PLN*	*EUR*	*EUR*
Profit and loss account *(for the period)*				
Revenues from the sale of products, goods and materials	11,805,991	10,326,349	2,607,100	2,202,579
Gross profit on sales	2,792,877	2,632,793	616,747	561,567
Costs of license	(49,273)	(43,082)	(10,881)	(9,189)
Net financial revenues / costs	11,998	5,745	2,650	1,225
Operating results	421,995	647,816	93,189	138,177
Net profit	361,241	542,599	79,772	115,735
Other financial data				
Operating cash flows	(35,149)	(377,410)	(7,762)	(80,500)
Investing cash flows	2,435	33,567	538	7,160
Financing cash flows	9,473	393,522	2,092	83,937
Basic profit per share	25.50	38.30	5.63	8.17
Sales margin	23.66%	25.50%		
EBITDA margin	3.93%	6.65%		
EBITDA	464,066	686,455	102,479	146,419
Balance sheet *(as at)*	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
		transformed		transformed
Cash and cash equivalents	51,932	75,173	11,944	16,029
Balance sheet total	7,080,590	6,327,241*	1,628,471	1,349,121*
Interest-bearing loans and borrowings, debt securities and leasing	2,009,259	1,794,738	462,111	382,682
Equity	3,126,200	2,775,018	718,997	591,701

Employment and branches	**31/12/2023**	**31/12/2022**
Employees	982	882
Branches	246	244

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

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

Net debt/EBITDA ratio

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 (in line with IAS 21).

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

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

Information about INTER CARS S.A.

1. Scope of activities

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

2. Registered seat

Ul. Powsińska 64

02-903 Warsaw

Poland

Central Warehouse:

Europejskie Centrum Logistyczne (European Logistics Centre)

Swobodnia 35

05-170 Zakroczym

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

Administrative data of the Company

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

KRS 0000008734

NIP 1181452946

Regon 014992887

3. Contact details

phone (+48-22) 714 19 16

fax. (+48-22) 714 19 18

bzarzadu@intercars.eu

relacje.inwestorskie@intercars.eu

www.intercars.com.pl

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

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

Andrzej Oliszewski, President

Piotr Płoszajski

Tomasz Rusak

Jacek Klimczak

Jacek Podgórski

Radosław Kudła

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

Maciej Oleksowicz, President

Krzysztof Soszyński, Vice-President

Wojciech Twaróg, Member of the Management Board

Piotr Zamora, Member of the Management Board

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

6. Statutory auditor

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. K.
Ul. Inflancka 4A;
00-189 Warsaw

7. Subsidiaries

As at 31 December 2023, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the parent entity, and 40 other related entities, including:

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

The Company also holds shares in one related entity.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Parent company					
Inter Cars S.A.	Warsaw, Poland	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Ukraine LLC	Khmelnitsky, Ukraine	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Cząstków Mazowiecki, Poland	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk, Poland	Remanufacturing of car parts	full	100%	100%
Inter Cars 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%

Subsidiaries, jointly controlled companies and associates (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Nicosia, Cyprus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Mārupes nov., Mārupe , Latvia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Cząstków Mazowiecki, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Swobodnia, municipality Zakroczym, Poland	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Birkirkara, Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Sale of delivery vans and trucks	full	100%	100%
Inter Cars INT Trgovina z rezervnimi deli in opremo za 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[1]	Mogilev, Belarus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Subsidiaries, jointly controlled companies and associates (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Norge AS[2]	Oslo, Norway	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Deutshland GmbH[3]	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Albania SHA[4]	Tirana, Albania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	-
ILS Adriatic Logistika d.o.o.[5]	Vukovina, Croatia	Warehousing services	full	100%	-
Indirect subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2023	31/12/2022
Inter Cars Malta Limited[6]	Birkirkara, Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o o[7]	Vinkovci, Croatia	Distribution of spare parts and real estate rental	full	100%	100%
ILS Balkan srl.[8]	Bucharest, Romania	Warehousing services	full	100%	-
Jointly controlled companies					
InterMeko Europe Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%
DANXILS Sp. z o.o.[10]	Swobodnia, Poland	Logistics services	equity method	50%	-
Associated entity					
Partslife International Kft[9]	Hungary Dunakeszi	Environmental and ecological services	equity method	33.3%	33.3%

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

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

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

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

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

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

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

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

[9] 33.3% shares held by the Parent company, Inter Cars S.A..

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

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

8. Stock exchange listings

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

9. Date of approval of the financial statements for publication

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

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Note no.	31/12/2023	31/12/2022	01/01/2022
			*transformed data	transformed data*
Non-current assets				
Tangible fixed assets	7	128,344	121,359	103,198
Right-of-use assets	8	28,096	27,298	26,573
Intangible assets	9	190,766	186,438	183,097
Investments in subordinated entities	12	516,050	508,347	508,265
Investments available for sale		-	1,189	258
Other long-term receivables	15	26,117	23,324	13,645
Financial sub-lease receivables	21	90,199	95,945	103,777
		979,572	**963,900**	**938,813**
Current assets				
Inventory	14	2,475,284	2,389,835	1,761,693
Trade and other receivables	15	3,484,936	2,852,377	2,200,897
Financial sub-lease receivables	21	46,984	45,956	45,386
Income tax receivables		41,882	-	-
Cash	16	51,932	75,173	25,494
		6,101,018	**5,363,341**	**4,033,470**
TOTAL ASSETS		**7,080,590**	**6,327,241**	**4,972,283**
LIABILITIES				
Equity				
Share capital	17	28,336	28,336	28,336
Share premium account	17	259,530	259,530	259,530
Supplementary capital	17	2,470,834	1,938,295	1,476,252
Other reserve capitals		5,935	5,935	5,935
Retained earnings from previous and current years		361,565	542,922	482,485
		3,126,200	**2,775,018**	**2,252,538**
Long-term liabilities				
Liabilities due to credits, loans	19	829,104	710,650	564,518
Other lease liabilities	20	34,467	33,026	24,494
Liabilities due to lease transformed into sub-lease	21	90,199	95,945	103,777
Deferred income tax provision	13	99,226	53,661	46,704
		1,052,996	**893,282**	**739,493**
Short-term liabilities				
Trade and other liabilities	22	1,683,058	1,487,889	1,260,688
Liabilities on credits, loans, debt securities	19	1,133,294	1,030,268	587,797
Other lease liabilities	20	12,394	20,794	5,975
Liabilities due to lease transformed into sub-lease	21	46,984	45,956	45,386
Employee benefits	23	25,664	14,491	12,446
Income tax liabilities	32	-	59,543	67,960
		2,901,394	**2,658,941**	**1,980,252**
TOTAL LIABILITIES		**7,080,590**	**6,327,241**	**4,972,283**

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

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note no.	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Revenues from the sale of products, goods and materials	24	11,805,991	10,326,349
Cost of sales	25	(9,013,114)	(7,693,556)
Gross profit on sales		**2,792,877**	**2,632,793**
Other operating income	28	17,090	52,298
Selling cost, general and administrative expenses	26	(1,451,531)	(1,209,452)
Costs of distribution service	26	(793,103)	(732,951)
Costs of license	26	(49,273)	(43,082)
Other operating expenses	29	(94,065)	(51,792)
Operating results		**421,995**	**647,814**
Financial revenue	30	11,439	19,870
Dividends received	30	143,582	103,591
Foreign exchange gains/losses	30	5,856	(2,020)
Financial costs	30	(148,879)	(115,696)
Profit before tax		**433,993**	**653,559**
Income tax	32	(72,752)	(110,960)
Net profit		**361,241**	**542,599**
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income, net		**-**	**-**
COMPREHENSIVE INCOME		**361,241**	**542,599**
Earnings per share (PLN)			
- basic and diluted	18	25.50	38.30
Weighted average number of shares in the year		14,168,100	14,168,100

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2023 to 31 December 2023

	Note no.	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	**Total equity**
As at 1 January 2023		**28,336**	**259,530**	**1,938,295**	**5,935**	**542,922**	**2,775,018**
Statement of comprehensive income							
Profit in the reporting period	18	-	-	-	-	361,241	**361,241**
Total comprehensive income		**-**	**-**	**-**	**-**	**361,241**	**361,241**
Distribution of prior period profit – dividend	33	-	-	-	-	(10,059)	**(10,059)**
Distribution of retained profits - transferred to supplementary capital	33	-	-	532,539	-	(532,539)	**-**
As at 31 December 2023		**28,336**	**259,530**	**2,470,834**	**5,935**	**361,565**	**3,126,200**

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

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF CHANGES IN EQUITY(CONT.)

for the period from 1 January 2022 to 31 December 2022

	Note no.	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	**Total equity**
As at 1 January 2022		**28,336**	**259,530**	**1,476,252**	**5,935**	**482,485**	**2,252,538**
Statement of comprehensive income							
Profit in the reporting period	17	-	-	-	-	542,599	**542,599**
Total comprehensive income		**-**	**-**	**-**	**-**	**542,599**	**542,599**
Transactions with shareholders							
Distribution of prior period profit – dividend	33	-	-	-	-	(20,119)	**(20,119)**
Distribution of retained profits - transferred to supplementary capital	33	-	-	462,043	-	(462,043)	**-**
As at 31 December 2022		**28,336**	**259,530**	**1,938,295**	**5,935**	**542,922**	**2,775,018**

(in thousand PLN)

ANNUAL SEPARATE STATEMENT OF CASH FLOWS

	Note no.	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022 transformed data*
Cash flows from operating activities			
Profit before tax		433,993	653,559
Adjustments:			
Amortization and depreciation		42,073	38,641
Foreign exchange losses		1,697	1,600
Loss on investing activities		12,925	1,671
Net interest and share in profits		134,509	96,532
Net dividends	30	(143,582)	(103,591)
Operating profit before changes in the working capital		**481,615**	**688,412**
Increase (decrease) in inventories		(85,449)	(628,141)
Change in long- and short-term receivables	31	(565,338)	(643,426)
Change in financial sub-lease receivables		4,718	7,263
Change in short-term liabilities (excluding credits and loans)	31	262,635	318,165
Change in liabilities due to lease transformed into sub-lease		(4,718)	(7,263)
Cash generated by operating activities		**93,463**	**(264,990)**
Corporate income tax (paid)/returned	31	(128,612)	(112,420)
Net cash from operating activities		**(35,149)**	**(377,410)**
Cash flow from investment activities			
Proceeds from the sale of plant, property, equipment and intangible assets		1,864	1,308
Purchase of property, plant, equipment and intangible assets		(68,403)	(57,674)
Purchase of financial assets in related and other entities**	31	(2,070)	(1,522)
Repayment of loans granted	31	47,249	6,307
Loans granted	31	(123,354)	(23,978)
Interest received	31	3,567	5,298
Dividends received		143,582	103,591
Sale of shares in subordinated entities		-	238
Other items, net		-	(2)
Net cash from investing activities		**2,435**	**33,567**
Cash flow from financing activities			
Payments of lease contracts	31	(68,036)	(78,503)
Loans granted	31	225,644	593,974
Interest paid	31	(138,076)	(101,830)
Dividend paid	33	(10,059)	(20,119)
Net cash from financing activities		**9,473**	**393,522**
Net change in cash and cash equivalents		**(23,241)**	**49,679**
Cash as at the beginning of period		**75,173**	**25,494**
Cash as at the end of period		**51,932**	**75,173**

*Description of transformation is to be found in point 3.2 Error correction
**Details of itemPurchase of financial assets in related and other entities were described in note 11.

Notes to the annual separate financial statements

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

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

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

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

The Company is currently reviewing the impact of the published standards that have not come into force and assesses that, apart from additional disclosures, they are not expected to have a material impact on the separate financial statements.

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

2.1. Changes in IFRS and their interpretations

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

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

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

- Amendments to IAS 1 „*Presentation of Financial Statements*” and the IFRS Board's Guidance on Disclosures about Accounting Policies - Materiality Issues in Accounting Policies, (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 *"Accounting policies, changes in accounting estimates and errors”* - definition of estimates. The change is effective as of 1 January 2023.
- *Amendments to IAS 12 "Income Taxes”*
  The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and retirement obligations. Prior to the amendment to the standard, there was ambiguity as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. the initial recognition of a lease) with no impact on current taxable accounts necessitates the recognition of deferred tax balances or whether the so-called initial recognition exemption, which states that deferred tax balances are not recognised if the recognition of an asset or liability has no impact on accounting or taxable profit at the time of that recognition, applies. The amended IAS 12 addresses this issue by requiring the recognition of deferred tax in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences. Amendment shall apply to reporting periods commencing as of 1 January 2023 or thereafter.
- Amendments to IFRS 17 “*Insurance contracts”*
  The amendment relates to the transitional requirements in connection with the first-time application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments". The purpose of the amendment is to ensure the usefulness of financial information for investors in the period of first application of the new standard by introducing certain simplifications with regard to the presentation of comparative information. The amendment relates only to the application of the new IFRS 17 standard and does not affect any other requirements in IFRS 17.

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

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

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

At the date of authorisation of these separate 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 Company.

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

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

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

2.4. Basis of measurement

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

- investment property measured at fair value.

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

2.5. Functional and presentation currency

(a) Presentation and functional currency

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

(b) Foreign currency translation differences

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

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

(in thousand PLN)

/losses translations are recognised in profit or loss of the current period, except for those arising on the translation of equity instruments classified as other comprehensive income.

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

3. Basis of accounting

3.1. Changes in the accounting policy

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

3.2. Error correction

In the annual separate financial statements presented, the comparative figures in the separate statement of the financial position, the separate statement of cash flows and the notes to the financial statements have been amended from those approved at the end of the 2022 financial year. The changes related to a correction in the presentation of accounts payable for anticipated returns of goods purchased by the Company's customers (previously these accounts payable had erroneously reduced trade receivables).

The above-described error correction had no impact on net profit and earnings and diluted earnings per share for the financial year ended on 31 December 2022 and shareholders' equity as at 31 December 2022 and 1 January 2022.

As a result of the error correction, the following changes were made to the separate financial statements.

Separate statement of the financial position

ASSETS	**31/12/2022** *approved data*	*error correction*	**31/12/2022** *transformed data*
Trade and other receivables	2,762,306	90,071	2,852,377
Other assets not subject to correction	2,510,964	-	2,510,964
Current assets	**5,273,270**	**90,071**	**5,363,341**
TOTAL ASSETS	**6,237,170**	**90,071**	**6,327,241**
Short-term liabilities			
Trade and other liabilities	1,397,818	90,071	1,487,889
Other liabilities not subject to correction	1,171,052	-	1,171,052
	2,568,870	**90,071**	**2,658,941**
TOTAL LIABILITIES	**6,237,170**	**90,071**	**6,327,241**

(in thousand PLN)

Error correction (cont.)

	01/01/2022 *approved data*	*error correction*	01/01/2022 *transformed data*
ASSETS			
Trade and other receivables	2,141,491	59,406	2,200,897
Other assets not subject to correction	1,832,573	-	1,832,573
Current assets	**3,974,064**	**59,406**	**4,033,470**
TOTAL ASSETS	**4,912,877**	**59,406**	**4,972,283**
Short-term liabilities			
Trade and other liabilities	1,201,282	59,406	1,260,688
Other liabilities not subject to correction	719,565	-	719,565
	1,920,847	**59,406**	**1,980,253**
TOTAL LIABILITIES	**4,912,877**	**59,406**	**4,972,283**

Separate statement of cash flows

For financial year ending on	31/12/2022 *approved data*	31/12/2022 *error correction*	31/12/2022 *transformed data*
Change in long- and short-term receivables	(612,761)	(30,665)	(643,426)
Change in short-term liabilities (excluding credits and loans)	287,500	30,665	318,165
Funds generated by operating activities	**(264,990)**	**-**	**(264,990)**
Net cash from operating activities	**(377,410)**	**-**	**(377,410)**

3.3. Other significant accounting policies

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

a) Tangible fixed assets

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

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

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

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

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

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

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

b) Goodwill

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

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

c) Intangible assets

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Company attributable directly to a given asset, are recognized as intangible assets. Intangible assets with definite useful lives (between 2 and 10 years) are amortized over their useful lives, starting from the day when a given asset is available to be placed in service. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group of assets that is classified as held for sale) in accordance with IFRS 5 Non-Current Assets Available for Sale and Discontinued Operations, and the date that the asset is derecognized or when it is fully amortized. The amortisable amount of an intangible asset for amortization is determined after deducting its residual value.

The Company has no other intangible assets with an indefinite useful life.

Computer software

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

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

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

Other intangible assets

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

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

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

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

d) Investment property

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

e) Financial instruments

1. Classification and measurement of financial assets

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

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

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

The qualification depends of the model of management of financial assets adopted by the Company and on the contractual terms of cash flows. The Company re-qualifies investments to debt instruments only when the model of managing these assets changes. Debt instruments are maintained for the purposes of contractual flows, which include solely payment of principal and interest (SPPI) are measured by the Company at amortized cost. The Company performs the SPPI test for loans granted by comparing the total of the principal and interest with the model instrument according to IFRS 9. The interest revenue is calculated by means of the effective interest rate method and shown in “interest revenue” in the financial result. Impairment write-downs are shown under the “financial assets impairment write downs.” The Company assesses credit losses related to debt instruments measured at amortized cost.
In 2022 and 2023 the Company did not use external instruments for trade receivables such as factoring. In the course of an analysis of the business model for trade receivables it was determined that all trade receivables are held to be paid - the Company has not nor had plans to its trade receivables; they are all held until maturity date. The Company evaluates if the classification test according to IFSR 9, the so-called SPPI test, checking if the cash flows from receivables represent solely the principal and interest. If the test criteria are met, trade receivables are measured at amortized cost. As regards trade receivables, the Company applies a simplified approach provided for in the standard, and, consequently, measures a write-down on anticipated credit losses at an amount equal to the anticipated credit losses throughout an entire lifetime of a receivable. This approach results from the fact that the Company's receivables do not include a material financial elements within the meaning of IFRS 15. For the purposes of calculation of a write-down, the Company uses a provision matrix by means of which revaluation write downs are determined for receivables classified in different overdue ranges. This method provides for historical data related to credit losses and a potential impact of material and identifiable future factors (e.g. market or macroeconomic). The probability of non-payment of a receivable is estimated based on historical data regarding previously unpaid receivables. To assess the parameter of non-payment of receivable by a customer, the Company has created 8 ranges:

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

(in thousand PLN)

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

Number of days	Write-off level 2023	Write-off level 2023
Not overdue	0.11%	565
1-30 days	0.33%	253
31-60 days	2.91%	173
61-90 days	5.28%	70
91-180 days	9.14%	267
181-270 days	15.15%	442
271 – 360 days	19.94%	221
Over 360 days	30.20%	9,519

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

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

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

f) Financial liabilities other than derivatives

Debt instruments and subordinated debt are recognized as at their date.
Following their repayment, cancellation or expiration, financial liabilities are removed from the Company’s books.

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

Other financial liabilities include loans, borrowings, debt instruments, current account credits, trade and other liabilities. For details regarding the valuation of bank loans see point I.

g) Offsets

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

h) Impairment of assets

Financial assets

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

Non-Financial Assets

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

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

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

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

i) Lease

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

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

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

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

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

The Company as a lessee

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

The assets recognized as right-of-use assets include mainly warehouse and office spaces and premises leased for the purposes of some branches.
Contracts are typically for a fixed term of 1 to 7 years or for an indefinite period of time, and may include an option to renew. Many of the leases for property leased for the Company's operations contain options to extend and terminate the lease. These are used to provide as much operational flexibility as possible in relation to the management of assets used in the Company's operations. The majority of lease extension or termination options can be exercised by the Company.
Contracts may contain leasing and non-leasing elements. The Company allocates the consideration set out in the contract to the leasing and non-leasing elements respectively. However, in the case of property leases where the Company is the lessee, the Company has elected not to separate the non-lease elements from the lease elements and recognise them as a single lease element.

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

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

Lease payments relating to the option to extend the lease, when exercise of the option is reasonably certain, are also included in the measurement of the liability.
Lease payments are allocated between principal and finance costs. Finance costs are charged to profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the outstanding balance of the lease liability for each period.
Lease payments are discounted using the lease interest rate. If this rate cannot be easily determined - which is the case for most of the Company's leases - the lessee's marginal interest rate is used.
The Company is exposed to potential future increases in variable index or rate-based lease payments, which are not included in the lease liability until they are implemented. Once the adjustments to the index-based or rate-based lease payments take effect, the lease liability is remeasured and adjusted in conjunction with the right-of-use asset.
The right-of-use asset is measured at cost, which includes:

- the amount of the initial estimation of the lease liability,
- any lease payments made on or before the commencement date less initial direct costs.
- right-of-use assets are depreciated on a linear basis over the useful life of the assets, not exceeding the lease term. In the case of the Company, this is between one and seven years.

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

The Company as a lessor

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

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

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

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

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

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

Determination of the lessee's marginal interest rate

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

To determine the marginal interest rate, the Company:

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

j) Inventory

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

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

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

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

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

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

k) Cash

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

l) Equity

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

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

m) Loans and borrowings

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

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

n) Trade payables

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

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.

o) Provisions

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

p) Revenues

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

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

Identification of a contract with a customer

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

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

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

Identification of performance obligations

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

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

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

Determination of the transaction price

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

Allocation of the transaction price to performance obligations

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

Fulfilment of performance obligations

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

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

The Company is not obliged to accept returns of goods and products sold; however, it grants customers the opportunity to return goods under the terms and conditions set out in the General Terms of Sale (GTS). When an asset is transferred to a customer (when the customer obtains control over the asset). The Company may enter into agreements with customers containing variable remuneration (revenue) amounts resulting from discounts, rebates or performance bonuses granted. Such an agreement provides for purchase thresholds based on appropriate increases, beyond which the customer receives a bonus. Normally, the contract is concluded for a period of one year, settled in quarterly cycles.

Receivables

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

Guarantees

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

Material payment terms

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

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

q) Operating expenses

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

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

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

Expense on the lease of office and warehouse space is recognised in profit or loss in the period to which it relates. Re-invoiced amounts reduce the respective cost item s of the Company

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

r) Dividend

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

s) Other operating income

Other operating income is income indirectly related to the operating activities of the entity, in particular: gain on disposal of non-financial non-current assets, assets received free of charge (including by way of donation), compensation, revaluations 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.

t) Financial revenue

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

u) 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.

v) Income tax

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

Deferred tax is not recognised in the following cases:
temporary differences resulting from initial recognition of assets or liabilities related to a transaction other than a merger, which does not affect the profit or loss of the current period nor the taxable income;
temporary differences resulting room investments in subsidiaries in the period when it is unlikely that they will be sold in a foreseeable future;
temporary differences resulting from initial recognition of goodwill.
Deferred income tax is determined with the use of the tax rates, which, according to forecasts, will be applied when the temporary differences will reverse. The tax regulations legally or actually binding up to the reporting date will apply.

Deferred tax assets and deferred tax liabilities are offset if the Company has an enforceable legal right to set off current tax liabilities and assets and provided that the deferred tax assets and liabilities relate to income taxes imposed by the same tax authority on the same taxpayer or on different taxpayers who intend to settle income tax liabilities and receivables on a net basis or to realise the receivable and settle the liability simultaneously.

w) Measurement of the value of shares in subordinated entities

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

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

4. Significant evaluations and estimates

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

- Note 14 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 15 Impairment loss on receivables (as at the balance sheet date, the Company evaluates whether or not there is evidence of impairment of a receivable or a group of receivables. If the recoverable value of an asset is lower than its carrying value, the Company creates an impairment loss to the level of the current value of planned cash flows),
- Note 7/9 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets
- The amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board of the 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 12 Impairment losses on interests in subsidiary companies.

  The Management Board evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined.
- Note 21 Liabilities and receivables due to lease transformed into sub-lease

  According to the assessment of the Company's Management Board, the agreements for the lease of warehouse and office space intended for branch operations, where the Company, on the one hand, is the lessee (leases space from third parties) and, on the other hand, is the lessor (leases the same space to the branch owner), contain a lease. The ultimate party to the agreement is the branch owner, who has the right to receive substantially all the economic benefits of the space used and the right to manage the asset.
- Note 20/21 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 14 Inventories, Note 15 Trade and other receivables, Note 22 Trade and other payables

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

(in thousand PLN)

- Note 9 Intangible assets

  The Company performs impairment tests for goodwill on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of cash-generating units was determined based on a value-in-use calculation that required the use of assumptions. The calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five-year period are extrapolated using estimated growth rates. These growth rates are in line with industry forecasts.

- Note 24 Sales revenue (The Board assesses whether the nature of the promise constitutes a performance obligation to provide the Company with certain goods or services (in this case the Company is the ordering party).

5. Information on business segments

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

6. Supplementary information

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

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

The Company does not have key customers due to the nature of its operations. For more information see Note 15.

7. Tangible fixed assets

	31/12/2023	31/12/2022
Land	19,086	18,217
Buildings and structures	56,168	57,740
Plant and machinery	15,861	17,747
Vehicles	15,136	12,135
Other tangible assets	22,064	14,373
Tangible assets under construction	29	1,147
Total property, plant and equipment net	**128,344**	**121,359**

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

Borrowing costs

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

(in thousand PLN)

Property, plant and equipment (cont.)

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construction	Total
Gross value as at 01 January 2022	**17,505**	**94,477**	**37,035**	**10,370**	**99,519**	**287**	**259,193**
Increase:	712	325	16,120	11,032	7,455	860	**36,504**
Acquisition	712	325	16,120	11,032	7,455	860	**36,504**
Decrease:	-	-	240	3,594	584	-	**4,418**
Sale	-	-	78	2,993	113	-	**3,184**
Liquidation	-	-	162	601	471	-	**1,234**
Gross value as at 31 December 2022	**18,217**	**94,802**	**52,915**	**17,808**	**106,390**	**1,147**	**291,279**
Increase:	869	1,342	2,838	9,019	16,975	(1,118)	**29,925**
Acquisition	869	200	2,807	9,019	16,975	55	**29,925**
Transfer	-	1,142	31	-	-	(1,173)	**-**
Decrease:	-	54	124	4,408	592	-	**5,178**
Sale	-	54	-	3,415	457	-	**3,926**
Liquidation	-	-	124	993	135	-	**1,252**
Gross value as at 31 December 2023	**19,086**	**96,090**	**55,629**	**22,419**	**122,773**	**29**	**316,026**

DEPRECIATION AND IMPAIRMENT LOSSES DEPRECIATION	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construction	Total
Amortisation and impairment losses as at 01 January 2022	**-**	**34,223**	**31,110**	**6,399**	**84,263**	**-**	**155,995**
Amortisation for period	-	2,839	4,298	2,520	8,338	-	**17,995**
Sale	-	-	(78)	(2,881)	(113)	-	**(3,072)**
Liquidation	-	-	(162)	(365)	(471)	-	**(998)**
Amortisation and impairment losses as at 31 December 2022	**-**	**37,062**	**35,168**	**5,673**	**92,017**	**-**	**169,920**
Amortisation for period	-	2,883	4,724	4,590	9,081	-	**21,278**
Sale	-	(23)		(2,810)	(253)	-	**(3,086)**
Liquidation	-	-	(124)	(170)	(136)	-	**(430)**
Amortisation and impairment losses as at 31 December 2023	**-**	**39,922**	**39,768**	**7,283**	**100,709**	**-**	**187,682**
NET VALUE							
As at 01 January 2022	**17,505**	**60,254**	**5,925**	**3,971**	**15,256**	**287**	**103,198**
As at 31 December 2022	**18,217**	**57,740**	**17,747**	**12,135**	**14,373**	**1,147**	**121,359**
As at 01 January 2023	**18,217**	**57,740**	**17,747**	**12,135**	**14,373**	**1,147**	**121,359**
As at 31 December 2023	**19,086**	**56,168**	**15,861**	**15,136**	**22,064**	**29**	**128,344**

(in thousand PLN)

8. Right-of-use assets

Right-of-use assets mainly result from office leases.

	Office, warehouse space, branches and other	Total
GROSS VALUE OF BENEFICIAL INTEREST		
Value as at 01 January 2022	**40,520**	**40,520**
Conclusion of new agreements	7,305	**7,305**
Decreases	1,354	**1,354**
Value as at 31 December 2022	**46,471**	**46,471**
Value as at 01 January 2023	**46,471**	**46,471**
Conclusion of new agreements	6,309	**6,309**
Decreases	-	**-**
Value as at 31 December 2023	**52,780**	**52,780**
AMORTISATION AND IMPAIRMENT LOSSES		
Amortization as at 01 January 2022	**13,947**	**13,947**
Amortization and depreciation	5,226	**5,226**
Amortization as at 31 December 2022	**19,173**	**19,173**
Amortization as at 01 January 2023	**19,173**	**19,173**
Amortization and depreciation	5,511	**5,511**
Amortization as at 31 December 2023	**24,684**	**24,684**
NET VALUE		
As at 01 January 2022	**26,573**	**26,573**
As at 31 December 2022	**27,298**	**27,298**
As at 31 December 2023	**28,096**	**28,096**

In 2023, increases due to the conclusion of new contracts for the lease of office and warehouse space, points of sale and other assets amounted to PLN 621 thousand. The remaining amount of the increases, i.e. PLN 5,687 thousand, is due to an update of the lease extension for the assets.

Gross decreases relate to the shortening or expiry of the lease term.

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

9. Intangible assets

	31/12/2023	31/12/2022
Goodwill, including:	122,937	122,937
- goodwill from merger with JC Auto S.A.	*122,937*	*122,937*
Computer software	14,464	15,096
Other intangible assets, including:	53,365	48,405
- other	*28,490*	*35,340*
- under construction	*24,875*	*13,065*
	190,766	**186,438**

(in thousand PLN)

Intangible assets (cont.)

Intangible assets under lease agreements

As at 31 December 2023, as in the previous year, the Company held no intangible values resulting from financial lease contracts. None of the intangible assets held by the Company is subject to limited right of use.

Borrowing costs

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

(in thousand PLN)

GROSS VALUE OF INTANGIBLE ASSETS	Computer software	Other intangible assets	Goodwill	Under construction	Total
Gross value as at 01 January 2022	**80,109**	**77,873**	**122,937**	**13,922**	**294,841**
Acquisition	3,791	-	-	17,379	**21,170**
Transfer from investments	8,043	8,115	-	(16,158)	-
Liquidation	(7,052)	(798)	-	(2,078)	**(9,928)**
Gross value as at 31 December 2022	**84,891**	**85,190**	**122,937**	**13,065**	**306,083**
Acquisition	3,328	-	-	16,284	**19,612**
Transfer from investments	4,474	-	-	(4,474)	-
Liquidation	(642)	-	-	-	**(642)**
Gross value as at 31 December 2023	**92,051**	**85,190**	**122,937**	**24,875**	**325,053**
AMORTISATION AND IMPAIRMENT LOSSES					
Amortisation and impairment losses as at 01 January 2022	**67,331**	**44,413**	**-**	**-**	**111,744**
Amortisation for period	9,516	5,903	-	**-**	**15,419**
Liquidation	(7,052)	(466)	-	**-**	**(7,518)**
Amortisation and impairment losses as at 31 December 2022	**69,795**	**49,850**	**-**	**-**	**119,645**
Amortisation for period	8,434	6,850	-	**-**	**15,284**
Liquidation	(642)	-	-	**-**	**(642)**
Amortisation and impairment losses as at 31 December 2023	**77,587**	**56,700**	**-**	**-**	**134,287**
NET VALUE					
As at 01 January 2022	**12,778**	**33,460**	**122,937**	**13,922**	**183,097**
As at 31 December 2022	**15,096**	**35,340**	**122,937**	**13,065**	**186,438**
As at 01 January 2023	**15,096**	**35,340**	**122,937**	**13,065**	**186,438**
As at 31 December 2023	**14,464**	**28,490**	**122,937**	**24,875**	**190,766**

The amortisation value of intangible assets has been recognised in selling, general and administrative expenses.

10. Impairment test

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

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

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

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

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

- 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% and annual revenue growth of around 1.1%.
- Cash flows for remaining years were estimated based on a real growth rate of 1.1% and EBIT growth by 6.3% per annum.
- The discount rate 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.

11. Real estate available for sale

As at 31 December 2023 the Company did not have any real estate available for sale.

(in thousand PLN)

12. Investments in subordinated entities

	2023	2022
As at 1 January (gross)	**508,958**	**508,836**
Increase, including:	*7,891*	*631*
- contribution to the share capital ILS Adriatic Logistica d.o.o.	11	-
- increase in share capital in Inter Cars Hungaria Kft.	0.11	-
- conversion of receivables into reserve capital in Inter Cars Hungaria kft	4,443	-
- increase in share capital in OOO Inter Cars Automobilna Technika	188	-
- contribution to the share capital Inter Cars Albania SHA	153	-
- increase in share capital in Inter Cars Deutschland GmBH	1,906	-
- transfer from other assets (Partslife kft and GmbH)	1,189	-
- increase in share capital in Armatus Sp. z o.o.	-	500
- purchase of shares in Brillant 3907 GMBH (later: Inter Cars Deutschland GmbH)	-	131
Decrease, including:	*(188)*	*(509)*
- impairment of shares in OOO Inter Cars Automobilna Technika	(188)	(451)
- return of capital paid in from Inter Cars Deutshland GmbH	-	(53)
- sale of shares of CB Dystrybucja Sp. z o.o.	-	(5)
As at 31 December (gross):	**516,661**	**508,958**
- impairment on Inter Cars Hungaria Kft.	*(611)*	*(611)*
As at 31 December (net)	**516,050**	**508,347**

In 2023 there was a conversion of receivables into reserve capital in Inter Cars Hungaria kft. (PLN 4,443 thousand.), increase in share capital in OOO Inter Cars Automobilna Technika (PLN 188 thousand), double increase in share capital in Inter Cars Deutschland GmbH (PLN 819 thousand and PLN 1,087 thousand). Two subsidiaries were also established and the share capital paid up: ILS Adriatic Logistica d.o.o. (PLN 11 thousand) and Inter Cars Albania SHA (PLN 153 thousand). Moreover, in 2023 there was an impairment of shares in OOO Inter Cars Automobilna Technika (PLN 188 thousand) the company was closed down and removed from the register on 12 January 2024.

Impairment test on shares

The company carried out an impairment test for Inter Cars Ukraine LLC, Inter Cars Deutschland GmbH, Inter Cars Belgium NV, to which goodwill was allocated (segment: spare parts) and Armatus Sp. z o.o.(segment: car sales). 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 2024 was prepared based on the approved budget and provides for a 2.8% to 8% increase of EBIT, whereas the data for 2025-2028 prepared based on the financial forecasts of the Inter Cars Group provide for an annual increase of EBIT of approx. 2.8% to 8%.

• Cash flows for remaining years were estimated based on a real growth rate of 1.1% to 1.2%,

• The discount rate used to calculate the value in use was 9.4% for Armatus Sp. z o.o., 7% for Inter Cars Belgium NV, 6.8% for Inter Cars Deutschland GmbH and 27.4% for Inter Cars Ukraine LLC and was estimated on the basis of the weighted average cost of capital (WACC).

• The surplus of the recoverable value over the book value of the tested assets amounted respectively to: PLN 26,678 thousand for Armatus Sp. z o.o., PLN 307,295 thousand for Inter Cars Belgium NV, PLN 417,571 thousand for Inter Cars Deutschland GmbH and PLN 51,373 thousand for Inter Cars Ukraine LLC.

The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations (including goodwill) in spare parts segment and car sales segment. .

(in thousand PLN)

Interest in subsidiaries as at 31/12/2023

Name and legal form of associate	Registered seat	Date of control take-over	Carrying amount of shares (in PLN thousand)	Percentage of share capital/ total vote held	Associate's assets	Liabilities	Revenues	Net profit (loss)
Inter Cars Ukraine LLC	Khmelnitsky, Ukraine	04.2000	36,532	100%	139,554	72,534	614,485	30,392
Q-Service Sp. z o.o.	Cząstków Mazowiecki, Poland	04.2000	416	100%	75,725	37,638	271,613	37,672
Lauber Sp. z o.o.	Słupsk, Poland	07.2003	1,565	100%	108,236	79,736	122,704	4,502
Inter Cars Ceska Republika	Prague, Czech Republic	04.2004	13,866	100%	166,531	130,433	660,821	12,183
Inter Cars Slovenska Republika	Bratislava, Slovakia	08.2005	21	100%	168,906	140,025	571,458	10,497
Feber Sp. z o.o.	Warsaw, Poland	08.2004	30,011	100%	63,889	9,654	111,904	9,868
Inter Cars Lietuva	Vilnius, Lithuania	09.2006	1,058	100%	138,549	114,451	677,877	9,962
IC Development & Finance Sp. z o.o.	Warsaw, Poland	10.2006	3,785	100%	5,448	11,452	59	(77)
Inter Cars d.o.o.	Zagreb, Croatia	02.2008	18,471	100%	470,644	401,816	901,650	15,540
Inter Cars Hungaria Kft.	Budapest, Hungary	02.2008	54,712	100%	271,763	215,700	682,579	20,585
Inter Cars Italia s.r.l.	Milan, Italy	02.2008	2,952	100%	48,372	33,470	137,386	2,769
Inter Cars Belgium NV	Braine-le-Château, Belgium	02.2008	1,408	100%	1,019	2,849	250	(1,298)
Armatus Sp. z o.o.	Warsaw, Poland	02.2008	2,211	100%	7,124	7,114	5,584	(359)
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	07.2008	63,005	100%	847,958	709,683	1,644,448	26,322
Inter Cars Latvija SIA	Mārupes nov., Mārupe , Latvia	08.2010	12	100%	230,918	131,901	837,788	28,048
Inter Cars Cyprus Limited	Nicosia, Cyprus	10.2010	47	100%	95,157	235	-	(5,618)
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	03.2011	21	100%	629,959	529,124	1,393,764	40,289
Cleverlog-Autoteile GmbH	Berlin, Germany	03.2011	524	100%	19,400	13,584	410,527	5,328
Inter Cars Marketing Services Sp. z o.o.	Warsaw, Poland	05.2012	6,280	100%	629,661	14,979	169,031	80,344
ILS Sp. z o.o.	Swobodnia, Poland	10.2012	254,804	100%	581,242	149,625	887,291	58,010
Inter Cars Malta Holding Limited	Qormi, Malta	02.2013	19	100%	391,293	199,736	410,752	33,402
Q-Service Truck	Warsaw, Poland	12.2013	9,035	100%	101,374	62,325	320,065	12,396
Inter Cars Eesti OÜ	Tallinn, Estonia	12.2014	222	100%	49,642	24,592	284,629	9,821
Inter Cars d o.o.	Ljubljana, Slovenia	12.2014	3,258	100%	115,414	102,319	207,373	3,043
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	03.2015	1	100%	78,307	52,025	205,321	15,699
Inter Cars d o.o.	Sarajevo, Bosnia and Herzegovina	10.2016	3,042	100%	93,647	82,164	172,883	2,154
Inter Cars GREECE	Attiki, Greece	11.2016	2,050	100%	399,001	375,303	577,623	13,220
Inter Cars United Kingdom - automotive technology Ltd	Tipton, Great Britain	09.2017	-	100%	13,318	10,491	40,910	705
Inter Cars d o.o. Beograd Rakovica	Belgrade, Serbia	08.2019	1,698	100%	83,245	72,949	201,640	5,633
Inter Cars Automobilna Technika OOO	Mogilev, Belarus	07.2020	451	100%	1,019	-	-	(1,206)
Inter Cars Fleet Services Sp. z o.o.	Warsaw, Poland	08.2019	1,000	100%	36,355	32,624	131,029	1,527
Inter Cars Norge AS	Oslo, Norway	08.2021	26	100%	1,520	2,000	10,433	(497)
Inter Cars Deutschland GmbH	Berlin, Germany	11.2022	2,038	100%	1,019	222	-	(1,206)
ILS Adriatic d.o.o.	Vukovci, Croatia	07.2023	11	100%	-	-	-	-

Inter Cars Albania SHA	Tirana, Albania	11.2023	153	100%	-	-	-	-
			514,705		**6,065,209**	**3,822,753**	**12,663,877**	**479,650**

Investments in subordinated entities (cont.)

Interest in associates as at 31 December 2023

Name and legal form of associate	Registered seat	Date of control take-over	Carrying amount of shares (in PLN thousand)	Percentage of associate share capital/ total vote held	Associate's assets	Liabilities	Revenues	Net profit (loss)
Inter Cars Malta Ltd	Qormi, Malta	02.2013	Not applicable	100%	391,364	366,002	410,753	24,427
Aurelia Auto d o	Croatia	01.2012	Not applicable	100%	526	1,607	94	41

Share in jointly-controlled entities – as at 31 December 2023

Name and legal form of associate	**InterMeko Europe sp. z o.o.**	**DANXILS Sp. z o.o.**
Registered seat	Warsaw	Swobodnia
Balance sheet value of shares (in thousand PLN)	566	2,269
Percentage of share capital/ total vote held	50%	50%*
Non-current assets	1,576	239
Current assets	3,718	3,102
Long-term liabilities	-	-
Short-term liabilities	331	2,833
Revenues	5,438	8,022
Net profit / loss	1,091	(3,546)

* indirectly through ILS Sp. z o.o.

(in thousand PLN)

13. Deferred tax

Deferred Tax Assets and Liabilities

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

As at 31 December 2023	**Assets**	**Provision**
Intangible assets	-	1,156
Tangible fixed assets	-	9,714
Long-term receivables	150	-
Investments in subordinated entities	116	-
Inventory	57,852	25,890
Trade and other receivables	14,398	13,752
Borrowings	245	2,553
Lease liabilities	6,549	-
Long-term liabilities	24	1,826
Trade and other payables	49,325	172,994
Deferred tax assets/liabilities	128,659	227,885
Deferred tax offset against liabilities	(128,659)	(128,659)
Deferred tax liabilities as disclosed in the balance sheet	**-**	**99,226**

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

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

In the 12-month period from the balance sheet date of these financial statements, PLN 56,932 thousand of the asset and PLN 167,962 thousand of the deferred tax liability will be realised.

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

(in thousand PLN)

Deferred tax (cont.)

In the 12-month period from the balance sheet date of these financial statements, PLN 98,202 thousand of the asset and PLN 208,001 thousand of the deferred tax liability will be realised.

Change in deferred tax assets	**2023**	**2022**
As at beginning of period	105,930	82,340
Increase / (decrease)	22,729	23,590
As at end of period	**128,659**	**105,930**

Change in deferred tax liabilities	**2023**	**2022**
As at beginning of period	159,591	129,044
committed in the reporting period	68,294	30,547
As at end of period	**227,885**	**159,591**

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

	31/12/2022	**Effect on net profit**	**31/12/2023**
Deferred tax assets	105,930	22,729	128,659
Deferred tax liabilities	(159,591)	(68,294)	(227,885)
	(53,661)	**(45,565)**	**(99,226)**

14. Inventory

	31/12/2023	**31/12/2022**
Merchandise	2,339,023	2,307,511
Provision for the right to return merchandise	136,261	82,324
	2,475,284	**2,389,835**

Merchandise	2,480,124	2,393,824
Impairment losses	(4,840)	(3,990)
	2,475,284	**2,389,835**

Change in impairment losses on inventories	**2023**	**2022**
As at beginning of period	(3,990)	(2,486)
(increase) / decrease	(850)	(1,504)
As at end of period	**(4,840)**	**(3,990)**

The amount of the inventory write-down of PLN 850 thousand was recognised in the statement of comprehensive income under other operating expenses.

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

(in thousand PLN)

Inventory (cont.)

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

The Company's inventories are included in the inventories of the Inter Cars Group as collateral for the bank loan. According to the loan agreement, the inventories of the entire Inter Cars Group with a total value of PLN 3,186 million constitute collateral for the bank loan.

15. Trade and other receivables

	31/12/2023	31/12/2022
		transformed
Trade receivables from related entities	1,848,010	1,592,610
Trade receivables from other entities	733,747	644,297
Receivables from suppliers	585,730	427,385
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	182,103	124,373
Other receivables, prepayments and accrued income	38,488	41,091
Dividend receivables	-	-
Loans granted	108,368	36,551
Short term trade and other receivables – gross	**3,496,446**	**2,866,307**

Change in impairment loss on trade receivables and other receivables	**2023**	**2022**
		transformed
Status as at the beginning of the period	(13,930)	(16,726)
(Increase)/ Decrease, including:	2,420	2,796
- new impairment losses / release	*2,420*	*2,796*
Status as at the end of the period	**(11,510)**	**(13,930)**
Short-term trade and other receivables – net	**3,484,936**	**2,852,377**

The item Other receivables, prepayments and accrued income mainly included prepayments of PLN 38,288 thousand.

The amount of the receivables write-down of PLN 2,420 thousand was recognised in the statement of comprehensive income under Other operating income.

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

Maturity structure of gross trade receivables	**31/12/2023**	**31/12/2022**
		transformed
Up to 12 months	2,581,758	2,236,907
	2,581,758	**2,236,907**

(in thousand PLN)

Trade and other receivables (cont.)

Currency structure of trade and other receivables (gross)	31/12/2023	31/12/2022 transformed
Local currency	1,183,198	893,777
Foreign currencies	2,313,248	1,972,530
	3,496,446	**2,866,307**
Receivables in EUR	2,289,672	1,958,126
Receivables in USD	14,813	7,921
Receivables in GBP	7,918	5,506
Receivables in other currencies	845	977
	2,313,248	**1,972,530**

Maturity structure of receivables	31/12/2023		31/12/2022	
	Gross	**Impairment**	**Gross**	**Impairment**
Unmatured	2,035,731	565	1,639,442	555
From 1 to 30 days	333,058	253	230,017	190
From 31 to 60 days	166,317	173	144,504	151
From 61 to 90 days	143,400	70	114,309	104
From 91 to 180 days	339,000	267	269,045	286
From 181 to 270 days	270,304	442	201,295	(330)
From 271 to 360 days	126,960	221	105,375	20
Over 1 year	81,676	9,519	72,249	12,954
Total	**3,496,446**	**11,510**	**2,776,236**	**13,930**

Loans granted	31/12/2023	31/12/2022
Current loans	108,368	36,551
Non-current loans and borrowings	19,521	16,593
	127,889	**53,144**

Non-current receivables	31/12/2023	31/12/2022
Non-current loans and borrowings	19,521	16,594
Security deposits	2,189	2,178
Long-term receivables	4,103	4,337
Receivables from employees	304	215
	26,117	**23,324**

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

Credit and currency risks are discussed in Note 36.

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

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

(in thousand PLN)

16. Cash

	31/12/2023	31/12/2022
Cash in hand	7,094	5,518
Cash at bank	17,404	47,253
On VAT split payment bank accounts	3,003	990
Cash in transit	23,739	20,756
Cash on accounts of the Company's Social Benefits Fund	692	656
Cash	**51,932**	**75,173**

	31/12/2023	31/12/2022
In local currency	40,743	32,523
In foreign currencies	11,189	42,650
	51,932	**75,173**

With the exception of cash on accounts of the Company's Social Benefits Fund and VAT Split payment, Inter Cars S.A. does not hold any restricted cash.
In accordance with Polish law, Inter Cars S.A. administers the Company's Social Benefits Funds on behalf of its employees. Contributions to the Company's Social Benefits Funds are deposited in a separate account.
The credit risk concentration with respect to cash is limited as the Company deposits cash in reputable financial institutions with highest, medium-high and medium rating levels. The level of cash concentration as at 31 December 2023 taking into account the credit rating of financial institutions is as follows:
Rating A+ to A- (medium-high) - 14%
Rating BBB+ to BBB (medium) - 27%
Cash in hand, cash in transit and other cash - 59%.

17. Share capital and share premium account

As at 31 December 2022 and as at 31 December 2023, the share capital of Inter Cars S.A. was composed of 14,168,100 Series A to F ordinary bearer shares with par value PLN 2 per share; there are no restrictions on any rights conferred by the shares. All shares have been paid. All shares have been admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission and introduced to trading on the Warsaw Stock Exchange. All shares are equal and have the same rights. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

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

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

(in thousand PLN)

Share capital and share premium account (cont.)

	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

18. Net profit per share

Basic earnings per share

Net profit per share calculated based on net profit for the period in the amount of PLN 361,241 thousand (2022: PLN 542,599 thousand) and the weighted average number of shares – 14,168 thousand (2022: PLN 14,168 thousand) presented below:

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

Basic profit per share	**2023**	**2022**
Net profit for period	361,241	542,599
Weighted average number of shares	14,168,100	14,168,100
Net earnings per 1 share (in PLN)	25.50	38.30

Diluted earnings per share

In 2023 and in the comparative period, i.e. 2022, there were no diluting factors. Therefore, the diluted profit per share equals the basic profit per share.

19. Liabilities due to borrowings and other debt instruments

This Note contains information on the Company's liabilities under loans, borrowings and other debt instruments valued at amortised cost. For information on the Company's exposure to currency, interest rate and liquidity risks, see Note 36.

The syndicated credit facility agreement:

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

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

(in thousand PLN)

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

was extended to 29 November 2024 and the maximum total amount was increased by PLN 244,000,000 and is now PLN 1,549,373,500.

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

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

The signed annex to the syndicated agreement includes sustainability linked-loans provisions, including the achievement of the sustainability targets (KPIs) set out in the annex in terms of reducing the carbon footprint, the percentage increase in the rate of return of cores to remanufactured parts suppliers and the increase in the participation of women in the 'Accelerator' scholarship programme implemented by the Inter Cars Foundation. The performance of the targets in question will be able to affect the margins indicated in the loan agreement, in accordance with the detailed provisions of the annex in this respect.

Non-current	**31/12/2023**	**31/12/2022**
Secured bank loans	829,074	710,620
Lease liabilities	34,467	33,026
Sureties received	30	30
	863,571	**743,676**

Current	**31/12/2023**	**31/12/2022**
Secured bank loans	1,040,363	931,884
Loans received	92,931	98,384
Lease liabilities	12,394	20,794
	1,145,688	**1,051,062**

Current loans and borrowings at nominal value	Contractual amount (limit)	Drawn	Maturity date
Syndicated credit	1,549,374	1,040,523	29/11/2024
Inter Cars (Cyprus) LIMITED	92,931	92,931	31/12/2024
	1,642,305	**1,133,454**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Drawn	Maturity date
Syndicated credit	994,814	838,814	30/11/2026
	994,814	**838,814**	

As at 31 December 2023, total liabilities under loans and borrowings amounted to PLN 1,972,268 thousand of which PLN 1,548,223 thousand is denominated in PLN and 424,046 thousand is denominated in EUR.

(in thousand PLN)

Material terms of the syndicated credit facility

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

	Use in nominal value	Share in the amount drawn
CaixaBank S.A.	143,669	7.64%
Bank Pekao S.A.	635,529	33.82%
Bank Handlowy S.A.	226,205	12.04%
Santander	207,434	11.04%
BNP Paibas S.A.	207,890	11.06%
mBank S.A.	232,008	12.35%
ING Bank Śląski S.A.	226,602	12.06%
	1,879,337	**100%**

The credit facility is secured with:
- a mortgage on land owned by Inter Cars S.A. worth PLN 48,112 thousand according to a valuation of 27 February 2018.
- registered pledge over inventories of the Group as at 31 December 2023 in the amount of PLN 3,186 million
- registered pledge and financial pledge over shares in share capital of ILS; Sp. z o.o.
- registered pledge and financial pledge over shares in share capital ICMS Sp. z o.o.
- registered pledge over bank accounts,
- authorization to Company's accounts in Poland,
- transfer of receivables of the Company from Insurance contracts,
- declaration on unsolicited execution,

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

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

The credit facility agreement includes requirements with respect to a number of key ratios (calculated based on the Inter Cars Group's consolidated financial statements), and in the event the Group fails to meet these requirements, the consortium will have the right to terminate the agreement. The ratios are as follows:
- the EBITDA index should be positive,
- the ratio of the Group's operating profit to the interest paid on the financial debt of all Group members should be higher than 2.5,
- the net debt to EBITDA should be lower than 3.5,
- the Group's equity to its aggregate balance-sheet total should be higher than 30%.

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

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

The effective interest rate as at the reporting date was 7.5 %.

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

(in thousand PLN)

20. Lease liabilities

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

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

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

Lease	**31/12/2023**	**31/12/2022**
Payments under lease agreements	52,409	58,630
Discount	(5,548)	(4,810)
Present value of liabilities under leases	**46,861**	**53,820**

Payments under lease agreements	**31/12/2023**	**31/12/2022**
Up to 1 year	14,533	22,589
Between 1 and 5 years	37,876	36,041
	52,409	**58,630**

Present value of liabilities under leases	**31/12/2023**	**31/12/2022**
Up to 1 year	12,394	20,794
Between 1 and 5 years	34,467	33,026
	46,861	**53,820**

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

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

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

	Inter Cars S.A.	
	31/12/2023	**31/12/2022**
Financial sub-lease receivables (tangible assets)	90,199	95,945
Financial sub-lease receivables (operating assets)	46,984	45,956
Liabilities due to lease transformed into sub-lease (Long-term liabilities)	90,199	95,945
Liabilities due to lease transformed into sub-lease (Short-term liabilities)	46,984	45,956

Sub-lease	**31/12/2023**	**31/12/2022**
Payments under lease agreements	144,381	151,565
Discount	(7,198)	(9,664)
Present value of liabilities under leases	**137,183**	**141,901**
Payments under lease agreements		
Up to 1 year	50,466	50,026
Between 1 and 5 years	93,881	100,134
Over 5 years	34	1,405
	144,381	**151,565**

(in thousand PLN)

Liabilities and receivables due to lease transformed into sub-lease (cont.)

Present value of liabilities under leases	**31/12/2023**	**31/12/2022**
Up to 1 year	46,984	45,956
Between 1 and 5 years	90,165	94,559
Over 5 years	34	1,386
	137,183	**141,901**

22. Trade and other liabilities

	31/12/2023	**31/12/2022** transformed
Trade payables to related entities	825,822	826,632
Trade payables to other entities	994,333	803,397
Receivables from suppliers on trade bonuses	(298,278)	(208,447)
Taxes, duties, social security and other benefits payable	22,231	3,171
Other liabilities	138,950	63,136
	1,683,058	**1,487,889**

Structure of trade payables	**31/12/2023**	**31/12/2022**
Up to 12 months	1,820,156	1,630,029
	1,820,156	**1,630,029**

As at 31 December 2023 and 2022, the Company had no VAT liabilities.

Currency structure of trade payables	**31/12/2023**	**31/12/2022** transformed
Local currency	604,443	721,151
Foreign currencies	1,215,713	908,878
	1,820,156	**1,630,029**

Equivalent in national currency	**31/12/2023**	**31/12/2022**
Liabilities in EUR	930,169	659,349
Liabilities in USD	284,464	249,408
Liabilities in other currencies	1,080	121
	1,215,713	**908,878**

23. Employee benefits

	31/12/2023	**31/12/2022**
Salaries and wages	25,177	14,069
Company's Social Benefits Fund	487	422
	25,664	**14,491**

24. Sales revenues

1. Sale of goods

The Company's main objects are the sale of goods thorough brick-and-mortar stores (branches) and business through an on-line shop.

(in thousand PLN)

Sales revenues (cont.)

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

Due to the returns policy applied, the Company, following the IFRS 15, decreases the value of the revenues by an estimated cost of such returns.

2. Sale of services

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

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

Sales	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Revenue from sales of goods	11,734,650	10,268,600
Revenue from sales of services	71,341	57,749
	11,805,991	**10,326,349**

by product groups

	2023 (in thousand PLN)	*(%)*	2022 (in thousand PLN)	*(%)*
Domestic sales	**7,020,566**	*59.47%*	**6,211,205**	*60.15%*
Spare parts for passenger cars	4,013,484	*34.00%*	3,475,095	*33.65%*
Spare parts for commercial vehicles and buses	1,309,089	*11.09%*	1,172,104	*11.35%*
Tyres	1,142,918	*9.68%*	1,080,289	*10.46%*
Garage equipment and tuning	299,114	*2.53%*	264,538	*2.56%*
motorcycles: vehicles, spare parts and clothing	104,963	*0.89%*	98,638	*0.96%*
Accessories	26,276	*0.22%*	22,647	*0.22%*
other, spare parts and services	124,722	*1.06%*	97,894	*0.95%*
Export	**4,785,425**	*40.53%*	**4,115,144**	*39.85%*
Spare parts for passenger cars	2,983,379	*25.27%*	2,536,562	*24.56%*
Spare parts for commercial vehicles and buses	1,131,291	*9.58%*	948,634	*9.19%*
Tyres	222,341	*1.88%*	227,372	*2.20%*
Garage equipment and tuning	213,062	*1.80%*	192,449	*1.86%*
motorcycles: vehicles, spare parts and clothing	75,246	*0.64%*	89,954	*0.87%*
Accessories	20,438	*0.17%*	18,160	*0.18%*
other, spare parts and services	139,668	*1.19%*	102,013	*0.99%*
Total	**11,805,991**	***100.00%***	**10,326,349**	***100.00%***

In 2023 the biggest percent growth recorded sale of other parts and services (27% in comparison to a year before) and sale of accessories (16%).

Export sales were also characterised by the highest growth in other parts and services (37% compared to the previous year) and sales of parts for commercial vehicles and buses (19% compared to the previous year).

Geographical structure of sales

	2023		2022	
	(in thousand PLN)	**(%)**	**(in thousand PLN)**	**(%)**
Domestic sales	7,020,566	59.47%	6,211,205	60.15%
Export	4,785,425	40.53%	4,115,144	39.85%
Total	**11,805,991**	100%	**10,326,349**	100%

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

25. Cost of sales

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Cost of services and goods sold	8,954,462	7,687,487
Foreign exchange (gains)/losses	58,652	6,069
Cost of sales	**9,013,114**	**7,693,556**

26. Selling cost, general and administrative expenses

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Amortization and depreciation*	42,071	38,641
Materials and energy consumption	35,523	31,881
External services	1,942,844	1,698,037
Taxes and charges	57,368	50,508
Salaries	154,332	122,309
Social security and other benefits	31,786	22,195
Other costs by kind	29,983	21,914
Total costs by kind	**2,293,907**	**1,985,485**
(-) costs of distribution services	(793,103)	(732,951)
(-) costs of license fees	(49,273)	(43,082)
Selling cost, general and administrative expenses	**1,451,531**	**1,209,452**

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

*the item Amortization and depreciation includes an amount of amortisation of intangible assets of PLN 15,419 thousand.

27. Costs of employee benefits

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Salaries under employment contracts	152,778	120,847
Salaries under contracts for specific work and contracts of mandate	1,554	1,462
Social security	24,359	17,218
Other employee benefits	7,427	4,977
Costs of employee benefits recognised as costs of sales and administrative costs	**186,118**	**144,504**

(in thousand PLN)

28. Other operating income

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Profit from disposal of non-financial fixed assets	1,024	1,195
Complaints	12,567	8,475
Compensation, penalties and fines received	1,656	1,262
Receipt of past due receivables for which impairment losses were recognised	8	1,017
Reversal of unused provisions	1,570	1,291
Other	265	129
Transfer pricing settlement*	-	38,929
	17,090	**52,298**

29. Other operating expenses

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Past due receivables recognised as impairment losses	2,315	7,572
Inventory lacks	11,697	10,692
Damage to stock	26,922	24,931
Transfer pricing settlement*	36,458	-
Donations	3,703	3,435
Other	12,970	5,162
	94,065	**51,792**

*As part of its transfer pricing policy, the Company calculates adjustments to the profitability of the subsidiary concerned. Depending on whether the adjustment is positive or negative, the amount is recognised in the corresponding note (Other operating income or Other operating expenses).
Item Other - includes discounts granted, ST liquidation and Prounia costs

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

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Financial revenue		
Interest income on loans granted	944	626
Interest income on intra-group loans granted	3,115	993
Interest due to lease transformed into sub-lease	4,641	5,211
Other interest	2,739	12,871
Profit on sale of investments	-	169
	11,439	**19,870**

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Dividends received		
Dividends received	143,582	103,591
	143,582	**103,591**

(in thousand PLN)

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

	01/01/2023 - 31/12/2023	01/01/2022-31/12/2022
Financial costs		
Interest expense under bank loans and bonds	130,917	94,007
Interest expense under intra-group loans	593	2,203
Interest under lease IFRS 16	1,025	1,027
Interest due to lease transformed into sub-lease	4,641	5,211
Other interest	2,269	1,181
Fees and commissions	9,246	11,616
Impairment of shares in a company in Belarus	188	451
	148,879	**115,696**

Foreign exchange gains/losses in the period from 1/01/2023 to 31/12/2023	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	2,437	-	2,437
Realised foreign exchange gains/(losses)	**2,437**	**-**	**2,437**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(61,089)	-	(61,089)
Other	-	5,856	5,856
Unrealised foreign exchange gains/(losses)	**(61,089)**	**5,856**	**(55,233)**
Total foreign exchange gains/(losses)	**(58,652)**	**5,856**	**(52,796)**

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

31. Structure of cash for the statement of cash flows

Corporate income tax paid	**01/01/2023 - 31/12/2023**	**01/01/2022-31/12/2022**
Current corporate income tax disclosed in the statement of comprehensive income	(27,187)	(104,003)
Adjustment of comprehensive income	(41,882)	-
Change in income tax payable	(59,543)	(8,417)
Corporate income tax paid	**(128,612)**	**(112,420)**

(in thousand PLN)

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

Increase (decrease) in receivables	**01/01/2023 - 31/12/2023**	**01/01/2022-31/12/2022** transformed
Change in trade and other receivables	(632,560)	(651,480)
Change in non-current receivables	(2,792)	(9,680)
Change in Loans granted	76,105	17,671
Other	(6,091)	63
Increase (decrease) in receivables	**(565,338)**	**(643,426)**

Change in Loans granted	**01/01/2023 - 31/12/2023**	**01/01/2022-31/12/2022**
Loans granted	(123,354)	(23,978)
Repayment of loans granted	47,249	6,307
Interest received	3,567	5,298
Interest accrued	(4,018)	(1,619)
Other	1,647	(243)
Change in Loans granted	**(74,909)**	**(14,235)**

Change in short-term liabilities	**01/01/2023 - 31/12/2023**	**01/01/2022-31/12/2022** transformed
Change in loans, borrowings, debt securities and finance lease liabilities	214,521	**611,955**
Change in trade and other liabilities	195,169	**227,201**
Change in employee benefits liabilities	11,173	**2,045**
Change in total liabilities	**420,863**	**841,201**
Including:		
Recognition of new leasing agreements IFRS 16	(798)	(5,952)
Cash inflows on credits and loans	(225,644)	(593,974)
Financial lease contracts liabilities	68,036	78,503
Other	178	(1,613)
Change in liabilities following adjustments, total	**262,635**	**318,165**

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

	Loans	**Borrowings**	**Lease liabilities**	**Total debt**	**Cash and cash equivalents**	**Net debt**
Balance as at 01/01/2022	**(1,057,705)**	**(94,580)**	**(30,469)**	**(1,182,754)**	**25,494**	**(1,157,260)**
Cash flows	(593,974)	-	33,077	(560,897)	49,679	(511,218)
New leasing agreements	-	-	(56,457)	(56,457)	-	(56,457)
Interest paid	94,007	-	1,585	95,592	-	95,592
Interest accrued	(94,007)	(2,204)	(1,585)	(97,796)	-	(97,796)
Valuation	9,174	(1,600)	-	7,574	-	7,574
Balance as at 31/12/2022	**(1,642,505)**	**(98,384)**	**(53,849)**	**(1,794,738)**	**75,173**	**(1,719,565)**

(in thousand PLN)

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

	Loans	Borrowings	Lease liabilities	Total debt	Cash and cash equivalents	Net debt
Balance as at 01/01/2023	(1,642,505)	(98,384)	(53,849)	(1,794,738)	75,173	(1,719,565)
Cash flows	(225,644)	-	22,197	(203,447)	(23,241)	(226,688)
New leasing agreements	--	-	(15,236)	(15,236)	-	(15,236)
Interest paid	130,917	-	2,518	133,434	-	133,434
Interest accrued	(130,917)	(1,721)	(2,518)	(135,155)	-	(135,155)
Valuation	(1,289)	7,173	-	5,884	-	5,884
Balance as at 31/12/2023	**(1,869,438)**	**(92,932)**	**(46,888)**	**(2,009,258)**	**51,932**	**(1,957,326)**

Deposits are not included in the calculation.

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

Purchase of financial assets in related and other entities

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Increase in financial assets in related and other entities	2,070	1,522
Purchase of financial assets in related and other entities	**2,070**	**1,522**

Net interest	**01/01/2023 - 31/12/2023**	**01/01/2022- 31/12/2022**
Interest paid	(138,076)	(101,830)
Interest received	3,567	5,298
Net interest	**(134,509)**	**(96,532)**

32. Income tax

Income tax recognised under current period profit or loss

	01/01/2023 - 31/12/2023	01/01/2022- 31/12/2022
Current income tax	36,004	104,003
Correction on previous years	(8,817)	-
Change in deferred income tax	45,565	6,957
Income tax disclosed in statement of comprehensive income	**72,752**	**110,960**

(in thousand PLN)

Income tax (cont.)

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

Effective tax rate	**01/01/2023 - 31/12/2023**	**01/01/2022-31/12/2022**
Tax rate	19%	19%
Profit before tax	**433,993**	**653,559**
Tax based on applicable tax rates 19%	(82,459)	(124,176)
Permanent differences	9,707	13,215
of which:		
Dividend received	27,281	19,682
Representation, advertising and catering	(1,966)	(809)
Amortization and depreciation	(2,608)	(1,768)
Debt servicing costs	(7,614)	(2,826)
Correction on previous years	(8,817)	-
Other non-tax deductible expenses / revenues	3,431	(1,064)
Income tax disclosed in statement of comprehensive income	**(72,752)**	**(110,961)**

33. Dividend

Within the reporting period and till the day of publishing of these financial statements the Company had not realized any payments on account of payout of dividend on operating profit for 2023.
Till the day of preparation of these financial statements the Board of Managers of the Company had not approved the proposal of distribution of profits for 2023. The dividend policy of the Company projects dividend payout in the amount not lower than 60% of consolidated net profit of Inter Cars S.A. Capital Group for a given accounting year.
On 13 June 2023, the Ordinary General Shareholders' Meeting of the Company adopted a resolution on the distribution of the profit for the financial year 2022, according to which the profit generated in 202 shall be distributed in such a way that from the net profit generated in 2022 in the amount of PLN 542,598,278.02, the amount of PLN 10,059,351.00, i.e. PLN 0.71 per share, will be paid to shareholders as the dividend, while the remaining part of the profit in the amount of PLN 532,538,927.02 shall be allocated to the reserve capital.
In addition, the Annual General Shareholders' Meeting of the Company set the dividend date at 19 June 2023 and the dividend payment date at 26 June 2023. All 14,168,100 shares of the Company are covered by the dividend.
The dividend was paid out on 26 June 2023.

Dividend per share

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

(in thousand PLN)

34. Unrecognised liabilities under executed agreements

Guaranties and sureties

As at 31 December 2023, the total amount of sureties and guarantees was PLN 509,383 thousand and comprised the sureties for repayment of credits for subsidiaries and for the benefit of suppliers of subsidiaries.

	2023	**2022**
As at beginning of period	401,995	406,085
Issued and increases	234,490	113,960
Expired	(127,102)	(118,050)
As at end of period	**509,383**	**401,995**

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

35. Transactions with related entities

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

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

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

	01/01/2023 - 31/12/2023		**31/12/2023**	
	Sale of goods and services to related entities	Purchase of goods and services from related entities	Receivables from related entities	Payables to related entities
Subsidiary companies	3,604,697	1,847,872	1,848,010	825,822
Jointly-controlled entities	277	2,265	7	334
Other related entities of Inter Cars S.A.	204	1,211	111	-

	01/01/2022 - 31/12/2022		**31/12/2022**	
	Sale of goods and services to related entities	Purchase of goods and services from related entities	Receivables from related entities	Payables to related entities
Subsidiary companies	3,185,326	1,814,664	1,592,610	826,632
Jointly-controlled entities	143	1,449	29	-
Other related entities of Inter Cars S.A.	275	1,186	19	-

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

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

(in thousand PLN)

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

Transactions with related entities (cont.)

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

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

Loans to subsidiaries and associated entities	**2023**	**2022**
Lauber Sp. z o.o.	8,750	8,750
IC Development & Finance Sp. z o.o.	11,439	11,439
NV Inter Cars Belgium	1,984	1,652
Q-SERVICE TRUCK Sp z o.o.	17,675	18,771
Inter Cars d. o.o. Beograd Rakovica	884	947
Inter Cars Norge AS	189	216
Inter Cars Fleet Services Sp. z o.o.	1,759	3,297
ILS Sp. z o.o.	70,783	-
Inter Cars Bulgaria Ltd.	311	-
Armatus Sp. z o.o.	3,061	-
	116,835	**45,072**

All loans have a maturity of up to one year.

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

Loans granted	**2023**	**2022**
As at beginning of period	45,072	32,828
Loans granted	114,624	20,390
Interest accrued	3,075	993
Repayments received	(42,428)	(2,684)
Interest received	(1,910)	(4,697)
Reclassification to loans to unrelated parties	-	(2,001)
Balance sheet valuation	(1,598)	243
As at end of period	**116,835**	**45,072**

Interest accrued	**2023**	**2022**
Lauber Sp. z o.o.	753	650
IC Development & Finance Sp. .	-	27
NV Inter Cars Belgium	92	22
Q-SERVICE TRUCK Sp. z o.o.	755	12
Inter Cars d o.o. Beograd Rakovica	51	24
Inter Cars Norge AS	11	3
Inter Cars Fleet Services Sp z o.o.	226	255
ILS Sp. z o.o.	368	-
Inter Cars Bulgaria Ltd.	571	-
Armatus Sp. z o.o.	246	-
	3,073	**993**

(in thousand PLN)

Transactions with related entities (cont.)

Loans received	**2023**	**2022**
As at beginning of period	98,384	94,487
Interest accrued	1,720	2,203
Interest payment	-	-
Balance sheet valuation	(7,173)	1,694
As at end of period	**92,931**	**98,384**

Interest accrued	**2023**	**2022**
Inter Cars (Cyprus) LIMITED	1,720	2,203
	1,720	**2,203**

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

	2023	**2022**
As at beginning of period	391,425	395,943
Issued and increases	233,724	113,464
Expired	(125,771)	(117,982)
As at end of period	**499,378**	**391,425**

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

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

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

Moreover, Mr Krzysztof Oleksowicz, holding the position of Advisor of the Management Board, who is affiliated personally with Maciej Oleksowicz – received in 2023 a remuneration of PLN 960 thousand, as in the previous year.

36. Financial risk management

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

Credit risk

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

However, in terms of geographical regions, more than 40% of sales revenue is located in Poland.

(in thousand PLN)

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

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

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

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:

	31/12/2023	**31/12/2022** translation
Loans granted	127,889	53,144
Trade and other receivables (excluding loans granted)	3,383,164	2,964,722
Cash	51,932	75,173
	3,562,985	**3,093,039**

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

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

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

- for cash - information is presented in note 15

Market risk

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

Interest rate risk

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

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

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

Variable rate financial instruments	**31/12/2023**	**31/12/2022**
Financial assets (loans granted)	127,889	53,144
Cash assets in bank accounts	21,100	48,899
Financial liabilities under loans, borrowings debt securities and finance leases.	(2,146,442)	(1,794,738)
	(1,997,453)	**(1,692,695)**

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

(in thousand PLN)

Financial risk management (cont.)

Impact on net profit / loss	**basis points increase/decrease**	as at 31/12/2023	As at 31 December 2022
	+100/-100	(16,179)/16,179	(13,728)/13,728
	+200/-200	(32,359)/32,359	(27,455)/27,455

Currency risk

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

	EUR	USD	Other	EUR	USD	Other
	31 December 2023			**31 December 2022** translated		
Trade receivables	2,289,672	14,813	8,764	1,958,126	7,921	6,483
Loans granted	902	-	-	947	-	-
Cash	8,961	90	2,137	40,368	84	2,198
Bank credits	(331,114)	-	-	(23,641)	-	-
Loans received	(92,931)	-	-	(98,384)	-	-
Trade payables	(930,169)	(284,464)	(1,080)	(265,871)	(248,076)	(121)
Gross balance sheet exposure	**945,321**	**(269,562)**	**9,821**	**1,611,545**	**(240,071)**	**8,560**

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

as at 31 December 2023	**Foreign exchange rate increase/decrease**	**Impact on net profit / loss**
EUR	+5% /-5%	38,286/ (38,286)
	+10% / -10%	76,572 / (76,572)
USD	+5% / -5%	(10,917) / 10,917
	+10% / -10%	(21,834) / 21,834
Other	+5% / -5%	398 / (398)
	+10% / -10%	796 / (796)

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

(in thousand PLN)

Financial risk management (cont.)

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

Liquidity risk

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

The following table shows the value of current assets and liabilities and liquidity ratios as at 31 December 2023:

	2023	2022 transformed
Current assets	6,101,018	5,363,341
Short-term liabilities	2,901,394	2,658,941
Surplus of current assets over short-term liabilities	3,199,624	2,704,400
Current ratio	2.10	2.02
Quick ratio	1.25	0.94
Cash ratio	0.02	1.39

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

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

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

The table below presents future payments of the Company as at 31 December 2023 by the date on the basis of discounted payments.

Managing the cash flows of Inter Cars S.A. is critical for the functioning of the entire organization. The central point of this aspect of management is the cash flow planning model, covering the demand for capital, primarily including inventories as well as trade receivables and liabilities. By forecasting the demand for capital, the Company continually monitors the financial flows in individual countries and adjusts the financing sources accordingly, both at the Company and the local markets level. The Company finances its activities through a syndicate of 7 banks within the following proportion: 60% short-term loans and 40% long-term loans. The Company diversifies its financing sources and has issued bonds that have been subscribed for by entities other than banks. The Company also finances its liabilities from its equity, which amounted to PLN 3,126 million as at 31 December 2023. The Company reinvests financial resources gained on operational activity. To maintain liquidity, the Company keeps a stable amount of cash ranging from PLN 4 million to PLN 9 million available at its points of sale (- in all branches total).

(in thousand PLN)

Financial risk management (cont.)

2023

	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings	-	-	1,133,294	829,075	-	1,962,369
finance lease liabilities	-	3,099	9,296	34,467	-	46,862
liabilities due to lease transformed into sub-lease	-	11,746	35,238	90,165	34	137,183
trade and other payables	81,257	1,600,227	1,516	50	8	1,683,058
	81,257	**1,615,072**	**1,179,344**	**953,757**	**42**	**3,829,472**

2022 transformed

	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings	-	-	1,030,268	710,621	-	1,740,889
finance lease liabilities	-	5,647	16,942	36,042	-	58,631
liabilities due to lease transformed into sub-lease	-	12,507	37,520	100,134	1,405	151,566
trade and other payables	72,670	1,385,172	29,988	43	16	1,487,889
	72,670	**1,403,326**	**1,114,718**	**846,840**	**1,421**	**3,438,975**

Capital management

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

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

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

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

	31/12/2023	**31/12/2022**
		transformed
Loan, borrowing and finance lease liabilities	2,009,259	1,794,738
Trade and other liabilities	1,683,058	1,487,889
(less) cash and cash equivalents	(51,932)	(75,173)
Net debt	3,640,385	3,207,454
Equity	3,126,200	2,775,018
Net debt to equity	1.16	1.16

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

Fair value

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

Financial risk management (cont.)

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

Climate risk

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

Climate-related risks are analysed both, in terms of the impact of climate change on the business and the impact of the business on climate change.

The analysis of climate risks and their impact on the Company's business operations is conducted in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In this process, a review of physical and transformational risks is performed.

The Group identifies two types of climate risk

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

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

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

The climate sustainability vision focuses on the following pillars:

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

37. Events subsequent to the balance sheet date

No such events.

38. Going concern

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

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

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

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

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

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

At the beginning of 2022, hostilities moved largely to the east of Ukraine and Inter Cars operations resumed in relatively remote regions of the country, away from the ongoing hostilities. There are currently 35 branches in operation

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

As at the date of approval of the financial statements for publication, 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 139 million, the majority of which are inventories of PLN 98 million and cash of PLN 10 million. The use and transfer of cash in Ukraine is not restricted or subject to any restrictions, therefore the Company's cash is reported under the balance sheet item 'Cash and cash equivalents'. The Company's short-term liabilities amount to PLN 67 million, with trade payables to external suppliers amounting to PLN 4 million and their balance being settled on an ongoing basis.

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

The assets of Inter Cars Ukraine are located primarily in the central and western regions of Ukraine in 35 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 Company's Management Board is monitoring the Ukrainian company's operations on an ongoing basis and further actions will be taken by the Management Board in accordance with the developments and risks related to the armed conflict.

As at 31 December 2023, the Ukrainian company continues to operate and the Group controls the Ukrainian company and consolidates it using the full method in the financial statements. The Company 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.

39. Consolidated financial statements

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

INFORMATION OF THE INTER CARS S.A. MANAGEMENT BOARD

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

The Management Board of Inter Cars S.A., having its registered seat in Warsaw ("**the Company**"), acting in conformity with § 70.1.7 of the Minister of Finance Regulation of 29 March 2018 on the current and periodical information provided by securities issuers, and on consideration as equivalent the information required by law of a non-member state, as well as based on the statement of the Company's Supervisory Board to this effect, informs that the audit firm selected to audit the Company's standalone annual financial statements for the financial year ended on 31 December 2023 was selected in conformity with the applicable regulations, including those related to the selection of an audit firm and its selection procedure.

Furthermore, the Management Board of the Company informs that:

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

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

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

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

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

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

Maciej Oleksowicz
President of the Management Board

Krzysztof Soszyński
Vice-President of the Management Board

Wojciech Twaróg
Member of the Management Board

Piotr Zamora
Member of the Management Board

Wojciech Aleksandrowicz
Member of the Management Board

Julita Pałyska
Person responsible for keeping the accounting books

Warsaw, 25 April 2024.