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

IN THE YEAR ENDED ON 31 December 2023

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

REPORT ON THE OPERATIONS OF THE INTER CARS GROUP

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1. Information on basic activities of Inter Cars Group

For years, **the Inter Cars Group** has maintained a leading position not only in the domestic automotive market, in the distribution of spare parts for cars and trucks, but throughout Central and Eastern Europe. Inter Cars offers over two million spare parts for passenger cars and trucks, parts for motorcycles, farming and industrial machines as well as accessories for drivers.

In addition, the Group has gradually been developing its activity in over 18 countries across Europe, ranking first in the Central and Eastern part of the continent, second on the entire continent and sixth globally. 2020 marked the 30th anniversary of Inter Cars' market debut.

The Group operates in Poland, Ukraine, the Czech Republic, the Republic of Slovakia, Lithuania, Hungary, Italy, Croatia, Belgium, Romania, Latvia, Cyprus, Bulgaria, Estonia, Moldova, Slovenia, Germany, Bosnia and Herzegovina, Greece, Serbia , Great Britain, Malta and Norway. In 2023, the Group started operations in Albania through the establishment of a new subsidiary "Inter Cars Albania SHA" as of 30.10.2023.

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

In 2023 the Group opened 21 new branches in Europe and closed 7 branches including 1 in Ukraine as a result of the hostilities.

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

2023 is a year of continuous **development of activities of Inter Cars subsidiaries**.The Management Board expects that the growth of the whole Group in the forthcoming years will be significantly driven by its subsidiary undertakings

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

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

Inter Cars benefits from its scale of operation and at the same time is organised in smaller, specialised business segments, thus operating with agility and flexibility able to compete with smaller companies. The overriding strategic objective of Inter Cars S.A. is to build shareholder value through the optimal use of available intellectual and material resources and the implementation of development programmes in areas related to the services of the company. The strategic objective is to achieve a leading position on the European market and, of course, to maintain the leading position in Central and Eastern Europe.

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

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

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

The Group still sees room for growth in the year ahead, primarily by developing sales within specific segments in each country. Growth, based on segment strategies gives agility and flexibility in business management and increases the Group's competitiveness, resulting in the fact that higher sales growth rates than local competitors have been recorded in many countries. In 2023, the Group has set its sights on further growth by, among other things, expanding its product range. There are currently approx. 620,000 reference units, the highest number in Europe in traditional parts distribution.

In February 2023, the Group started the expansion of the logistics centre in Zakroczym, thanks to which the warehouse area is to increase to 107,000 m². In the last week of March 2024, further halls were officially opened. In 2024, a further expansion of the warehouse and office complex is planned, together with the technical infrastructure. The project includes the construction of three halls, a shed and a car park for passenger cars. The installation of a 1.8MW photovoltaic installation on the hall roof is also a major achievement. Investment expenditure is planned at PLN 300 million.

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

On 26 May 2023, a commercial agreement was concluded, according to which the Group company Armatus Sp. z o.o. became a dealer of BYD electric trucks and vans in our country. The BYD Truck dealer network will include 5 points in Poland by the end of 2024, which will sell and service these vehicles. BYD is the first and only electric car manufacturer to produce its own batteries, motors and engine management systems. The integrated technology increases reliability and provides customers with easy, one-stop service solutions, while providing additional benefits such as reduced vehicle weight and lower maintenance costs. Currently, three BYD electric vehicle models are available in Poland: the ETP3 eVan delivery van (GVM 2.5t), and two built-in chassis ETM6 Cargo Truck (GVM 7.5t) and ETH8 (GVM 19t).

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

2. Financial standing of the Company and the Group for the period of 12 months ending on 31 December 2023.

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

(in thousand PLN)	for the period of 12 months ended on		
	31/12/2023	**31/12/2022**	**change**
Revenues from the sale of products, goods and materials	18,030,309	15,285,101	18.0%
Cost of sales	(12,771,665)	(10,630,114)	20.1%
Gross profit on sales	**5,258,644**	**4,654,987**	**13.0%**
Other operating income	77,250	66,481	16.2%
Selling cost, general and administrative expenses	(2,528,179)	(1,983,700)	27.4%
Costs of distribution service	(1,666,041)	(1,529,288)	8.9%
Other operating expenses	(106,585)	(166,248)	-35.9%
Operating profit	**1,035,089**	**1,042,232**	**-0.7%**
Financial revenue	19,739	27,682	-28.7%
Exchange differences	(1,317)	(2,020)	-34.8%
Financial costs	(184,874)	(142,518)	29.7%
Interest in associates	545	424	28.5%
Profit before tax	**869,182**	**925,800**	**-6.1%**
Income tax	(168,885)	(180,102)	-6.2%
Net profit	**700,297**	**745,698**	**-6.1%**
Attributable to:			
shareholders of the parent company	700,297	745,698	-6.1%
	700,297	**745,698**	**-6.1%**
OTHER COMPREHENSIVE INCOME			
Foreign exchange gains /losses	(68,495)	462	-14,925.8%
Total other comprehensive income, net	**(68,495)**	**462**	**-14,925.8%**
COMPREHENSIVE INCOME	**631,802**	**746,160**	**-15.3%**
Net profit attributable to:			
- the shareholders of the parent entity	700,297	745,698	-6.1%
	700,297	**745,698**	**-6.1%**
Comprehensive income attributable to:			
- the shareholders of the parent entity	631,802	746,160	-15.3%
	631,802	**746,160**	**-15.3%**
Earnings per share (PLN)			
- basic and diluted	49.43	52.63	-6.1%
Weighted average number of shares	14,168,100	14,168,100	

Source: Consolidated Financial Statement of the Group for the year ended on 31 December 2023.

In 2023**, the Group's sales revenues were 18.0% higher than in 2022.** It should be noted that sales increase was mainly due to the scale of activities and geographical development of distribution chain.

In 2023 the Group opened 21 new branches and 7 were closed, i.e. as at 31 December 2023 the total number of branches was 632 (2022: 618 branches), including 246 branches in Poland and 386 in other countries. As at the end of 2022 it was 244 branches in Poland and 374 branches in other countries.

Gross profit on sales revenue went up by 13.0% in comparison to 2022.

In the Management Board's opinion the 6.1% decrease in the 2023 **net profit** compared with 2022, and a 18.0% **increase in the sales revenues**, resulted, among other things, from:

- continuous demand for second-hand cars. Import of second-hand cars in Poland was 4.3% higher compared to 2022 (IBRM Samar data).
- the increasing average age of the vehicles in Central and Eastern Europe, which translates into increased scope and frequency of repairs,
- competitive advantage on the market of automotive spare parts resulting from ensuring continuity of supply to customers through an extensive subsidiary network, and the widest product range resulting from a significant number of suppliers also providing the opportunity to diversify risk in case of unavailability of goods from manufacturers,
- the increase in revenues caused by an increase in selling prices (inflation),
- the debt level ratio of the Company's Group as at 31 December 2023, defined as net debt to EBITDA, was 1.81, which is 9.7% higher than the value of this ratio at the end of 2022.
- the increase in interest rates on external financing,
- stock level in Capital Group of the Company as at 31 December 2023 amounted to PLN 4,441 million and was higher by 8.4% in comparison to the level as at the end of 2022.
- lower margin due to the strengthening of the local currency against the euro (e.g. Polish zloty),
- negative foreign exchange rates
- market pressures in certain markets,
- higher wage costs associated with the need to cope with wage pressures,

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

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

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

(in thousand PLN)	31/12/2023	31/12/2022 Transformed data	change Based on translated data
ASSETS			
Non-current assets			
Tangible fixed assets	780,433	545,271	43.1%
Right-of-use assets	405,287	392,963	3.1%
Investment property	3,181	3,311	(3.9%)
Intangible assets	198,012	196,074	1.0%
Investments in associates	6416	3,642	76.2%
Investments available for sale	0	1,228	(100.0%)
Receivables	33,257	36,456	(8.8%)
Receivables due to lease transformed into sub-lease	269,872	250,366	7.8%
Deferred tax assets	23,781	20,930	13.6%
	1,720,239	**1,450,241**	**18.6%**
Current assets			
Inventory	4,440,904	4,096,106	8.4%
Trade and other receivables	2,654,489	2,049,902	29.5%
Receivables due to lease transformed into sub-lease	87,600	80,607	8.7%
Cash and cash equivalents	367,904	357,190	3.0%
	7,550,897	**6,583,805**	**14.7%**
TOTAL ASSETS	**9,271,136**	**8,034,046**	**15.4%**

(in thousand PLN)	31/12/2023	31/12/2022 Transformed data	change Based on translated data
LIABILITIES			
Share capital	28,336	28,336	0.0%
Share premium account	259,530	259,530	0.0%
Other supplementary capital	2,707,304	2,115,245	28.0%
Foreign exchange gains /losses in subsidiaries	(63,658)	4,837	(1,416.1%)
Retained earnings	1,505,956	1,407,777	7.0%
Equity	**4,437,468**	**3,815,725**	**16.3%**
Long-term liabilities			
Loan, borrowing and finance lease liabilities	1,291,286	1,086,293	18.9%
Liabilities due to lease transformed into sub-lease	269,872	250,366	7.8%
Other long-term liabilities	7,140	6,206	15.0%
Deferred income tax provision	121,467	53,963	125.1%
	1,689,765	**1,396,828**	**21.0%**
Short-term liabilities			
Trade and other liabilities	1,525,271	1,220,283	25.0%
Trade and other liabilities - passed for factoring	175,181	119,969	46.0%
Loan, borrowing and finance lease liabilities	1,283,863	1,247,930	2.9%
Liabilities due to lease transformed into sub-lease	87,600	80,607	8.7%
Employee benefits	52,607	33,700	56.1%
Income tax liabilities	19,381	119,004	(83.7%)
	3,143,903	**2,821,493**	**11.4%**
TOTAL LIABILITIES	**9,271,136**	**8,034,046**	**15.4%**

(in thousand PLN)

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

	01/01/2023-31/12/2023	01/01/2022-31/12/2022	change
Revenues from the sale of products, goods and materials	11,805,991	10,326,349	14.3%
Cost of sales	(9,013,114)	(7,693,556)	17.2%
Gross profit on sales	**2,792,877**	**2,632,793**	**6.1%**
Other operating income	17,090	52,298	(67.3%)
Selling cost, general and administrative expenses	(1,451,531)	(1,209,452)	20.0%
Costs of distribution service	(793,103)	(732,951)	8.2%
Costs of license	(49,273)	(43,082)	14.4%
Other operating expenses	(94,065)	(51,792)	81.6%
Operating results	**421,995**	**647,814**	**(34.9%)**
Financial revenue	11,439	19,870	(42.4%)
Dividends received	143,582	103,591	38.6%
Exchange differences	5,856	(2,020)	(389.9%)
Financial costs	(148,879)	(115,696)	28.7%
Profit before tax	**433,993**	**653,559**	**(33.6%)**
Income tax	(72,752)	(110,960)	(34.4%)
Net profit	**361,241**	**542,599**	**(33.4%)**
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income, net	**-**	**-**	**-**
COMPREHENSIVE INCOME	**361,241**	**542,599**	**(33.4%)**
Earnings per share (PLN)			
- basic and diluted	25.50	38.30	(33.4%)
Weighted average number of shares in the year	14,168,100	14,168,100	-

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

(in thousand PLN)	**31/12/2023**	**31/12/2022**	**change**
		Transformed data	*Based on translated data*
ASSETS			
Non-current assets			
Tangible fixed assets	128,344	121,359	5.8%
Right-of-use assets	28,096	27,298	2.9%
Intangible assets	190,766	186,438	2.3%
Investments in subordinated entities	516,050	508,347	1.5%
Investments available for sale	-	1,189	(100.0%)
Receivables	26,117	23,324	12.0%
Receivables due to lease transformed into sub-lease	90,199	95,945	(6.0%)
	979,572	**963,900**	**1.6%**
Current assets			
Inventory	2,475,284	2,389,835	3.6%
Trade and other receivables	3,484,936	2,762,306	26.2%
Receivables due to lease transformed into sub-lease	46,984	45,956	2.2%
Income tax receivables	41,882	-	-
Cash and cash equivalents	51,932	75,173	(30.9%)
	6,101,018	**5,273,270**	**15.7%**
TOTAL ASSETS	**7,080,590**	**6,237,170**	**13.5%**
LIABILITIES			
Equity			
Share capital	28,336	28,336	0.0%
Share premium account	259,530	259,530	0.0%
Supplementary capital	2,470,834	1,938,295	27.5%
Other reserve capitals	5,935	5,935	0.0%
Retained earnings	361,565	542,922	(33.4%)
	3,126,200	**2,775,018**	**12.7%**
Long-term liabilities			
Liabilities due to credits, loans	829,104	710,650	16.7%
Finance lease liabilities	34,467	33,026	4.4%
Liabilities due to lease transformed into sub-lease	90,199	95,945	(6.0%)
Deferred income tax provision	99,226	53,661	84.9%
	1,052,996	**893,282**	**17.9%**
Short-term liabilities			
Trade and other liabilities	1,683,058	1,397,818	20.4%
Liabilities on credits, loans, debt securities	1,133,294	1,030,268	10.0%
Finance lease liabilities	12,394	20,794	(40.4%)
Liabilities due to lease transformed into sub-lease	46,984	45,956	2.2%
Employee benefits	25,664	14,491	77.1%
Income tax liabilities	-	59,543	(100%)
	2,901,394	**2,568,870**	**12.9%**
TOTAL LIABILITIES	**7,080,590**	**6,237,170**	**13.5%**

Structure of Inter Cars Capital Group results from strategy of geographical expansion in distribution of automotive spare parts (Inter Cars Ukraine LLC, Inter Cars Česká republika s.r.o., Inter Cars Slovenska Republika s.r.o., Inter Cars Lietuva UAB, Inter Cars d.o.o. (Croatia), Inter Cars Hungária Kft., Inter Cars Belgium NV, Inter Cars Italia S.r.L.,Inter Cars Romania s.r.l., Inter Cars Latvija SIA, Inter Cars Bulgaria Ltd., Cleverlog-Autoteile GmbH, Inter Cars Eesti OÜ, Inter Cars INT d.o.o. (Slovenia), Inter Cars Piese Auto s.r.l., Inter Cars d o.o. (Bosnia and Herzegovina), Inter Cars GREECE, Inter Cars United Kingdom - automotive technology Ltd, Inter Cars d.o.o. (Serbia), OOO Inter Cars Automobilna Technika, Inter Cars Norge AS, Inter Cars Deutschland GmbH), Inter Cars Albania SHA, and development of supporting projects for core business (Lauber Sp. z o.o., Feber Sp. z o.o., Q-Service Sp. z o.o., IC Development & Finance Sp. z o.o., Armatus Sp. z o.o., Inter Cars Cyprus Ltd, Inter Cars Marketing Services Sp. z o.o., ILS Sp. z o.o., ILS Adriatic Logistica d.o.o., ILS Balkan srl., Inter Cars Malta Holding, Inter Cars Malta Ltd, Q-Service Truck Sp. z o.o., Aurelia Auto d.o.o., Inter Cars Fleet Services Sp. z o.o.).In total, the distribution of goods operates on the basis of warehouse space of over 400 thousand m2 covering 3 main logistics centres in Poland, including the European Logistics and Development Centre in Zakroczym (100 thousand. m2), the logistics centre in Komorniki and Sosnowiec, and 18 warehouses in Europe (outside Poland), including in Croatia, Romania, Bulgaria, Hungary and the Czech Republic, as well as a network of 246 own branches in Poland and 386 branches outside Poland in Ukraine, the Czech Republic, Slovakia, Lithuania, Hungary, Croatia, Italy, Belgium, Romania, Latvia, Bulgaria, Germany, Estonia, Slovenia, Moldova, Bosnia and Herzegovina, Greece, the UK and Serbia.The Central Warehouse has all product groups available, while the affiliate branches store only fast moving products, making sure that their product range, its quality and accessibility matches local requirements.

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

The sales revenue in 2023 **was primarily driven by**:

(a) the high age of imported vehicles - at an average of 13 years in 2023, which translates primarily into an increase in the useful life of cars and an increase in the scope of necessary repairs,

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

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

- the efficiency of the logistics and distribution network consisting of 632 branches, of which 21 new foreign branches were opened in 2023, which translated into the ability to meet a significant increase in demand in a short period of time

(c) an increase in revenues caused by an increase in selling prices,
(d) ageing of the car fleet, resulting in increased frequency of repairs,
(e) inventories management system optimisation continuation, covering both stock level optimisation for individual product groups, and supply chain optimisation, which primarily involved increased role of regional distribution centres and sourcing larger supplies directly from manufacturers,
(f) dynamic development of export sales to Western European markets,

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

On the German market, the subsidiary: Cleverlog-Autoteile GmbH is further developing its e-commerce activities dynamically. On-line shops under the motointegrator domain offering a wide range of spare parts and accessories are currently operating not only in the German market, but also in the French, Austrian, Dutch, Belgian, Spanish, Italian, Portuguese and Finnish markets . A motointegrator shop designed to serve the Swedish market is in the final stage of preparation. Each e-shop had a detailed audit and received the Trusted Shops certification, which confirms the continuation of the strategy of caring about quality at every stage of service and customer satisfaction.

The Motointergator.de shop was ranked among the best on-line shops in its sector in Germany for the 6th time in a row in 2023, receiving the title TOP Shop 2023 for: customer care, an excellent offer and very fast delivery.

Basic commodities and products

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

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

In 2023, in the 13th edition of the Ceneo Ranking of Trusted Shops, Inter Cars was ranked first in the Automotive category.

The Inter Cars Group includes **Feber Sp. z o.o.,** a manufacturer of trailers and semi-trailers currently focusing on the quality of its products, which it locates in markets such as Scandinavia, Germany and Belgium. Its business model focuses on a customised offer. In addition, Feber runs a car rental and specializes in post-collision repairs.

Another company belonging to the Inter Cars Group is **Lauber Sp. z o.o.**, which specialises in remanufacturing car parts, allowing customers to avoid the costly purchase of new parts and scrapping the old ones. The company uses modern technologies, thanks to which the quality of remanufactured parts does not differ from that of brand new parts. Remanufacturing is an activity which makes it possible to limit the negative impact of the automotive market on the environment by re-using parts already in circulation and the raw materials from which they were made. Remanufacturing of parts also reduces greenhouse gas emissions compared to the production of new products. The process is thus part of a closed circuit economy.

The Group also includes **Inter Cars Fleet Services Sp. z o.o.**, whose main activity is the comprehensive service of company car fleets, regardless of their size and industry, in the field of management, servicing and repair of all the most popular OE makes. The company cooperates with a network of more than 1,000 garages across Poland and is the only company on the Polish market to service all types of vehicles - cars, vans, trucks and specialised vehicles.

Another company in the Inter Cars Group is **ILS Sp. z o.o.**, which is responsible for providing comprehensive logistics services related to warehousing and goods handling for both Inter Cars Group companies and external ones. Logistics centres of ILS Sp. z o.o. include 11 warehouses located in Poland and 10 warehouses in Europe, including in Croatia, Latvia, Romania, Lithuania, the Czech Republic, Hungary, Bulgaria or Greece. All ILS logistics facilities are modern, fully automated "A" class warehouses. Among them are facilities that are among the most modern of their kind in Europe. The four main Logistics Centres - the European Logistics and Development Centre - offer the most available space: Zakroczym (65,000m2 with 78 loading gates) undergoing further expansion, Czosnów (17,200m2 with 31 loading gates with docks), the Western Logistics

Centre in Komorniki (18,300m2 with 30 loading gates with docks) and the Southern Logistics Centre in Sosnowiec (54,200m2 with 81 loading gates).

Supplementation of Group's activity is sale of commercial vehicles and trucks made by Isuzu, ran by the first in Poland authorized dealer of the company – **Q-Service Truck Sp. z o.o.** The company has also been responsible for the distribution and development of the Ford Trucks dealership chain in Poland. Moreover, the company is also an authorized representative of ZF Friedrichshafen AG regarding the sale and servicing of manual transmissions, automated and automatic transmissions for trucks.. In 2022, we expanded our business with further ZF Friedrichshafen AG licences for AVE electric axles for city buses and ZF ECOLIFE automatic transmissions. In 2023, 487 Ford Trucks vehicles were registered in Poland. Sales of Ford Trucks vehicles in 2023 were determined by the difficult situation on the transport market in Poland and Europe. Reduced demand for transport services has resulted in lower demand for trucks. Ford Trucks in Poland expanded its offer, in addition to the F-MAX tractor units, we delivered specialised chassis to customers. In 2023, Q-Service Truck sp. z o.o. opened another service point. In 2024, it plans to further develop the service and sales network and expand it with more dealers. Their number will depend on the situation on the truck market and the production capacity of the factory. The activities undertaken continuously strengthen the market position and influence positive brand recognition of the service.

The Group also includes **Armatus Sp. z o.o.,** which in May 2023 concluded a partnership agreement with representatives of the Chinese manufacturer BYD Trucks under which, a subsidiary of the Inter Cars Capital Group, became a distributor of BYD electric trucks and vans in Poland. Representatives of the companies unanimously stated that the milestone of the fruitful cooperation is to build a stable and professional dealer network for the service and sale of BYD vehicles. In the third quarter of 2023, in line with the chosen development strategy, representatives of Armatus Sp. z o.o. signed dealer agreements with three companies: *Kulczyk Electrics sp. z o.o, EV-PRO Sp. z o.o.* and *Blue Power Group*. The number of points will be consistently increased in order to provide a convenient distance of authorised service for current and future vehicle users.

(in thousand PLN)

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

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

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

About 47% of the sales revenues of the Group in 2023 came from the **sales in Poland.**

(in thousand PLN)

Inter Cars Group's **primary sale market** is Polish market. In 2023 the fastest developing countries were Greece, Serbia, Hungary and Ukraine. Ukraine found itself in this group mainly due to market reconstruction during the war.

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

Romania is the second biggest market of the Group, after Poland. With 62 branches, it supplies over 55,000 customers and 12,000 garages, making it the third largest in the national market.

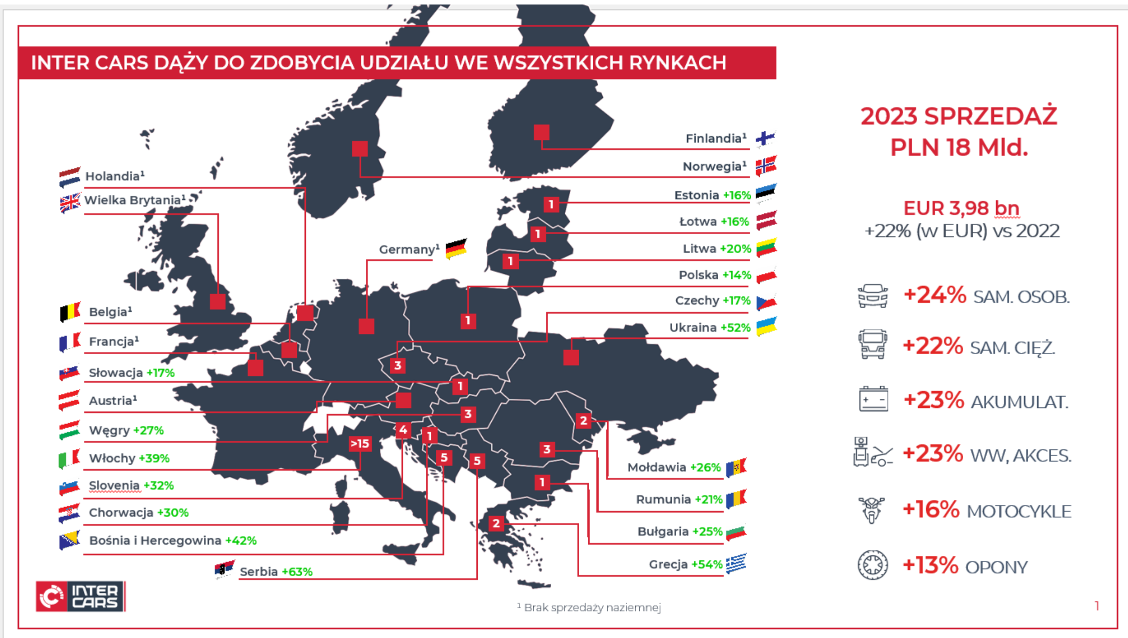
Basic structure of distribution markets

Sales revenues in a given country:

	2023	share	2022	share
Poland	8,238,940	47.12%	7,180,576	48.70%
Romania	1,457,105	8.33%	1,248,095	8.50%
Bulgaria	1,153,721	6.60%	957,256	6.50%
Latvia	683,433	3.91%	595,582	4.00%
Hungary	670,872	3.84%	528,933	3.60%
Lithuania	659,908	3.77%	570,773	3.90%
Czech	648,092	3.71%	557,305	3.80%
Ukraine	613,371	3.51%	474,563	3.20%
Croatia	579,757	3.32%	460,510	3.10%
Greece	571,200	3.27%	382,635	2.60%
Slovakia	558,422	3.19%	495,689	3.40%
Germany	410,527	2.35%	347,743	2.40%
Estonia	278,796	1.59%	249,050	1.70%
Moldova	204,364	1.17%	165,316	1.10%
Slovenia	201,323	1.15%	158,512	1.10%
Serbia	201,640	1.15%	127,776	0.90%
Bosnia and Herzegovina	166,051	0.95%	122,358	0.80%
Italy	136,799	0.78%	101,849	0.70%
Great Britain	40,910	0.23%	31,288	0.20%
Norway	10,433	0.06%	-	-
Belgium	140	0.00%	728	0.00%
Total	**17,485,804**	**100.00%**	**14,756,538**	**100.00%**

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

(in thousand PLN)



*Year-on-year sales dynamics calculated on the basis of data presented in EUR

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

	2023	Share	2022	Share
Spare parts for passenger cars	9,674,148	53.65%	8,081,801	52.87%
Spare parts for commercial vehicle and buses	2,988,882	16.58%	2,461,951	16.11%
tyres, batteries and lubricants	4,055,132	22.49%	3,561,130	23.30%
garage equipment	613,292	3.40%	513,288	3.36%
motorcycles: accessories and parts	245,007	1.36%	217,608	1.42%
Accessories	59,096	0.33%	51,476	0.34%
other sale - services	47,396	0.26%	53,146	0.35%
semi-trailers - Feber	105,840	0.59%	85,550	0.56%
ISUZU, FORD Truck and BYD Truck automobiles	241,517	1.34%	259,151	1.70%
	18,030,309	**100.00%**	**15,285,101**	**100.00%**

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

Since the launch of the Ford Trucks brand on the Polish market in 2019, Q Service Truck Sp. z o.o. has been systematically building a dealer network based on the Q-Service Truck chain in Poland. Customers who buy new vehicles are provided with service which also influences the decision on subsequent purchases.

The partnership between BYD Truck and Inter Cars was signed on 26 May 2023 during the EV Experience, the largest electromobility show in Poland. Since then, 48 BYD zero-emission vans and trucks have been sold in Poland. The group plans to increase sales by expanding its dealer network.

Market environment

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

Key drivers of the market development

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

One of the factors influencing the **situation of the market** is the **number of cars** registered in Poland and in other European countries and driving on the roads. In the whole year 2023, in countries where the Group has its operations, the number of newly registered cars went up by 13.9% in comparison to 2022 according to ACEA report. This high growth can be attributed to low underlying results for 2022 which was caused by delays in the delivery of semiconductors to car production lines. The delays in production lengthened the queues waiting for new vehicles as well as the useful life of existing cars. Fears of rising inflation and maintenance costs have contributed to postponing the decision to buy a new car and repairing vehicles which are in use.

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

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

Number and structure of vehicles used

According to European Automobile Manufacturers' Association, in the year 2023 the sales of new cars in the European Union went up by 13.9% in comparison to 2022 and amounted to 10.5 million pieces. Europe's most significant car market remains Italy and France, followed by Spain and Germany. Hungary is the only EU country to see a decline in new vehicles.

The total number of passenger cars in Europe in 2022 was estimated to be 252 million vehicles(including vehicles that are not in use and not unregistered), with an increase of 1% compared to 2021, of which 18.6m are passenger cars in Poland, an increase by 2.3% compared to the year before (no data available for the year 2023).

The average age of a passenger car in the European Union is estimated to be 12.3 years. Vehicles in Poland are older as the average age of a vehicle is estimated to be approximately 14.9 years. The highest average age of cars in the European Union was recorded in Greece at 17.3 years, followed by Estonia (16.6) and the Czech Republic (15.9).

According to data from the end of December 2023, a total of 57,065 passenger and commercial all-electric cars - zero-emission vehicles (BEVs) - were registered in Poland. For the 12 months of last year, their number increased by 23,651 units, or 52% compared to 2022. There were 98,348 electric passenger cars, including 51,211 all-electric vehicles (BEVs) and 47,137 plug-in hybrid electric vehicles (PHEVs), according to the Electromobility Counter, launched by PZPM and PSPA.

As the number of electrically powered vehicles increases, the charging infrastructure is also developing. At the end of December 2023, there were 5,933 publicly available electric vehicle charging stations in Poland (3,282 points). 26% of them were fast direct current (DC) charging stations and 74% were slow alternating current (AC) chargers with a power of less than or equal to 22 kW. In December 2023 104 new points were launched (Electromobility Counter).

The latest research from the European Automobile Manufacturers Association ACEA shows that the difference in electric vehicle sales in the EU is clearly related to the size of GDP per capita: countries with lower incomes are lagging behind. In 2022, electric vehicles and plug-in hybrids accounted for 14.6% of all new cars sold in the EU. However, 10 Member States still had a market share of less than 5.5%. This statistic clearly shows that affordability remains a major issue in the uptake of electric vehicles.

Countries where the overall market share of EVs remains below 5% have a low value of GDP. This is the case in the countries of Central and Eastern Europe, as well as Greece. Moreover, the countries with the lowest share of EVs also have very few charging points compared to the total number of charging points in other countries of the EU.

A market share of over 20% for electric vehicles only occurs in the richer Northern European countries, but here we can also see relation to GDP value. As is the case with the location of charging infrastructure networks, there is a clear division, which is based on the affordability of electric vehicles between Central and Eastern Europe and Western Europe, as well as a clear North-South division. Electric car sales in the EU are concentrated in Western European countries with the highest GDP.

Supply sources

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

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

Significant agreements

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

(in thousand PLN)

Selected substantial contracts

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

Generally, the agreements are entered into for one year. As at the reporting date, the following agreements were in force:

Party	Date of agreement
ROBERT BOSCH SP. Z O.O.	03/11/2023
SCHAEFFLER POLSKA SP. Z O.O.	22/05/2023
ZF AUTOMOTIVE SYSTEMS POLAND SP. Z O.O.	06/12/2023
ZF FRIEDRICHSHAFEN AG ZF AFTERMARKET	06/12/2023
BP EUROPA SE DIVISION IN POLAND	08/06/2022 binding till 2026
CONTINENTAL AFTERMARKET & SERVICES GMBH	19/07/2023
VALEO SERVICE EASTERN EUROPE SP. Z O.O.	25/11/2021- for an unidentified period of time, rebate of 20/12/2023
GOODYEAR POLSKA SP. Z O.O.	15/01/2013- for an unidentified period of time
MANN+HUMMEL FT POLAND SP. Z O.O. SP. K.	An annex of 19/10/2023 to agreement with an unidentified period of time of 01/01/2017

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

No.	Date of agreement	Party
1	04/04/2019- for an unidentified period of time	Facet SRL
2	11/12/2019- for an unidentified period of time	Olsa Parts SRL
3	02/01/2019, further annex of 28/06/2023	SENCOM GMBH
4	08/10/2019, further annex of 03/01/2023	AIR TOP ITALIA SRL
5	02/01/2019, further annex of 15/12/2022	KAWE B.V.
6	05/11/2019- for an unidentified period of time	MOTIP

Insurance agreements

Date of agreement	Party	Subject matter of the Contract	Material terms and conditions	Term
01/07/2023	Warta	Insurance of the Company's assets and working capital	„All in" policy: including domestic entities; all risk property insurance, electronic equipment insurance, insurance of goods in transportation (Cargo)	01/07/2023 - 30/06/2024
01/07/2023	Warta+Chubb +Allianz+ Generali	Third party insurance of the Board of Management	Third party insurance of the Board D&O	01/07/2023-30/06/2024
01/07/2023	Warta	Third Party Insurance on business activity	Civil liability of the Company.	01/07/2023-30/06/2024

Foreign subsidiaries have their own insurance policies from their local markets

Shareholder agreement

The Group is not aware of any shareholder agreements.

(in thousand PLN)

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

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

Name of entity	Registered seat	Degree of affiliation and percentage share of Inter Cars S.A. in the capital
Inter Cars Ukraine LLC	Khmelnitsky, Ukraine	Direct - 100%
Q-service Sp. z o.o.	Cząstków Mazowiecki, Poland	Direct - 100%
Lauber Sp. z o.o.	Słupsk, Poland	Direct - 100%
Inter Cars Česká republika s.r.o.	Prague, Czech Republic	Direct - 100%
Feber Sp. z o.o.	Warsaw, Poland	Direct - 100%
IC Development & Finance Sp. z o.o	Warsaw, Poland	Direct - 100%
Armatus sp. z o.o.	Warsaw, Poland	Direct - 100%
Inter Cars Slovenská republika s.r.o.	Bratislava, Slovakia	Direct - 100%
Inter Cars Lietuva UAB	Vilnius, Lithuania	Direct - 100%
Inter Cars Belgium NV (formerly JC Auto S.A.)	Hasslt, Belgium	Direct - 100%
Inter Cars Hungária Kft	Budapest, Hungary	Direct - 100%
Inter Cars Italia s.r.l	Pero, Italy	Direct - 100%
Inter Cars d.o.o.	Zagreb, Croatia	Direct - 100%
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	Direct - 100%
Inter Cars Cyprus Ltd.	Nicosia, Cyprus	Direct - 100%
Int**er Cars Latvija SIA	Mārupes, Latvia	Direct - 100%
Cleverlog-Autoteile GmbH	Berlin, Germany	Direct - 100%
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	Direct - 100%
Inter Cars Marketing Services Sp. z o.o.	Cząstków Mazowiecki, Poland	Direct - 100%
ILS Sp. z o.o.	Zakroczym, Poland	Direct - 100%
Inter Cars Malta Holding Ltd	Birkirkara, Malta	Direct - 100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Direct - 100%
Inter Cars INT d.o.o.	Ljubljana, Republic of Slovenia	Direct - 100%
Inter Cars Eesti OÜ	Tallinn, Estonia	Direct - 100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Direct - 100%
Inter Cars Greece Ltd.	Illiopolis, Greece	Direct - 100%
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Direct - 100%
Inter Cars United Kingdom - automotive technology Ltd.	Tipton, Great Britain	Direct - 100%

(in thousand PLN)

Inter Cars d.o.o.	Belgrade-Rakovica, Serbia	Direct - 100%
Inter Cars Fleet Services Sp. z o.o.	Warsaw Poland	Direct - 100%
OOO Inter Cars Automobilna Technika	Mogilev, Belarus	Direct - 100%
Inter Cars Norge A.S.	Oslo, Norway	Direct - 100%
Inter Cars Deutshland GmbH	Berlin, Germany	Direct - 100%
Inter Cars Albania SHA	Tirana, Albania	Direct - 100%
ILS Adriatic Logistica d.o.o.	Vukovina, Croatia	Direct - 100%
Inter Cars Malta Ltd	Birkirkara, Malta	Indirect 100% of shares owned by a subsidiary company Inter Cars Malta Holding Ltd.
Aurelia Auto d.o.o.	Vinkovci, Croatia	Indirect 100% of shares owned by a subsidiary company Inter Cars d.o.o. (Croatia)
ILS Balkan srl.	Bucharest, Romania	Indirect 100% of shares owned by a subsidiary company ILS Sp. z o.o
InterMeko Europe Sp. z o.o	Warsaw, Poland	Affiliated - 50%
DANXILS Sp. z o.o	Swobodnia, Poland	Affiliated 50% of industrial property right owned by a subsidiary company ILS Sp. z o.o.
Partslife International Kft	Dunakeszi, Hungary	Co-controlled 33,33% - shares held by the parent company Inter Cars S.A. 2.27% - indirectly through Partslife GmBH (associated company)

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

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

In the year 2023 the following organizational or capital associations were changed:

- in March 2023, a new company DANXILS Sp. z o.o. registered in Swobodnia, Poland, was established.

- in July 2023, a new company ILS Adriatic Logistica d.o.o. registered in Vukovina, Croatia, was established. The company does not carry out operational activity.

- in November 2023, a new company, Inter Cars Albania SHA, registered in Tirana, Albania, was established. The company does not carry out operational activity.

- The company OOO Inter Cars Automobilna Technika registered in Mogilev, Belarus has never started operational activities. In 2023, the shares were written off in full and the company was removed from the register on 12.01.2024.

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

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

8. Loan and borrowings

Loans and borrowings as at 31/12/2023 (in PLN '000)

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

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

(in thousand PLN)

Loan and borrowing agreements

Agreement no.Bank	Concluded on	Term	Limit/ loan amount	Collateral
Syndicated loan agreement Bank Polska Kasa Opieki S.A., ING Bank Śląski S.A., Bank Handlowy w Warszawie S.A, mBank S.A.,	14/11/2016	29/11/2024 30/11/2026	PLN 1,549,373,500 PLN 994,814,000	List of sureties was disclosed in annex number 18 to consolidated financial statement.
Raiffeisenbank A.S. Czech	30/09/2012	28/02/2025	200,000,000 CZK	Bank guarantee
SKB Banka (ICSI - Inter Cars INT D o.o.)	09/12/2021 02/08/2022	27/11/2024 01/08/2025	EUR 8,000,000 EUR 1,300,000	3 blank promissory notes and corporate guarantee
ING Bank N.V. (Inter Cars Romania s.r.l.)	27/08/2014	29/11/2024	70,000,000 RON	Collateral on stocks
Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	27/10/2022	31/10/2025	EUR 30,000,000	Corporate guarantee
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	27/04/2021	30/04/2026	6,000,000 BAM	Corporate guarantee, 6 blank promissory notes; funds in bank account

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

Source of finance	Amount of credit utilisation (thousand PLN)	Interest rate
CaixaBank S.A.	143,668	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank Pekao S.A.	635,530	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Bank Handlowy w Warszawie S.A.	226,205	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Santander Bank Polska S.A.	207,434	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
BNP Paribas Bank Polska S.A.	207,890	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
mBank S.A.	240,692	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
ING Bank Śląski S.A.	226,602	Short-term portion - WIBOR 1M + bank margin, long-term portion - WIBOR 3M + bank margin
Citibank Europe PLC Slovakia	31,044	EURIBOR 1M + bank margin
ING Bank N.V. (Inter Cars Romania s.r.l.)	48,946	ROBOR + bank margin
Raiffeisen A.S. (Inter Cars Česká respublika s.r.o)	28,244	ESTR + bank margin
SKB Banka (ICSI - Inter Cars INT D o.o.)	38,014	Short-term portion - EURIBOR 3M + bank margin, Long-term portion - EURIBOR 6M + bank margin
Unicredit Bulbank AD (Inter Cars Bulgaria Ltd.)	82,873	SRIR +bank margin for BGN EURIBOR 1M+bank margin for EUR
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	12,091	Bank margin
Total	**2,129,232**	

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

(in thousand PLN)

9. 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**

Loans granted to related entities

Date concluded	Maturity date	Amount	Material terms and conditions
09-07-2007	31-12-2024	PLN 6,750,000	Agreement on a loan from Inter Cars to finance operations and business development Lauber Sp. z o.o.
04-04-2013	31-12-2024	PLN 2,000,000	Agreement on a loan from Inter Cars to finance operations and business development Lauber Sp. Z o.o.
04-10-2019	31-12-2024	EUR 200,000 (PLN 858,980)	Agreement on a loan from Inter Cars to finance operations and business development Inter Cars D.O.O. Beograd
30/04/2020	30/04/2024	PLN 1,700,000	Agreement on a loan from Inter Cars to finance operations and business development INTER CARS FLEET SERVICES SP Z O.O.
20/12/2022	31/12/2024	EUR 4,000,000 (PLN 18,267,500)	Agreement on a loan from Inter Cars to finance operations and business development Q- SERVICE TRUCK SPÓŁKA Z O. O.
22/06/2022	31/12/2024	EUR 350,000 (PLN 1,630,650)	Agreement on a loan from Inter Cars to finance operations and business development INTER CARS BELGIUM NV
09/06/2022	31/12/2024	NOK 480,000 (PLN 213,840)	Agreement on a loan from Inter Cars to finance INTER CARS NORGE AS's operations and business development
27/03/2023	30/06/2024	EUR 650,000 (PLN 3,045,640)	Agreement on a loan from Inter Cars to finance ARMATUS Sp. z o.o.'s operations and business development
15/11/2023	31/12/2024	PLN 55,640,000	Agreement on a loan from Inter Cars to finance operations and business development ILS Sp. z o.o.
15/11/2023	31/12/2024	EUR 3,401,000 (PLN 14,854,288)	Agreement on a loan from Inter Cars to finance operations and business development ILS Sp. z o.o.
01/12/2023	31/12/2024	EUR 100,000 (PLN 433,340)	Agreement on a loan from Inter Cars to finance operations and business development INTER CARS BELGIUM NV

As at 31 December 2023, the balance of loans and borrowings for related entities amounted to PLN 118,838 thousand, and the total value of loans and borrowings granted to unrelated entities was PLN 8,073 thousand.
The loans granted to related entities bear interest at a rate equal to: 1M WIBOR (in the case of PLN-denominated loans), or EURIBOR 3M (in case of EUR-denominated loans) plus a margin of 2%-5%.

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

10. Information on sureties and guarantees granted and received in 2023 accounting year, including those granted to affiliated entities of the Issuer.

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.

(in thousand PLN)

	2023	**2022**
As at beginning of period	401,995	406,085
New guarantees granted and increases in existing ones	234,490	113,960
Expired	(127,102)	(118,050)
As at end of period	**509,383**	**401,996**

The Company 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.

List of increases in granted guaranties and sureties in the year 2023 is presented in the table below:

(in thousand PLN)

To	For whom?	The subject of the guarantee/surety	from	to	Value of the guarantee/surety in PLN
Inter Cars Romania s.r.l.	Castrol lubricants RO srl	payment for deliveries	2023/03/17	2023/12/31	13,935,815*
Inter Cars d.o.o.	TotalEnergies Marketing CROATIA d.o.o.	payment for deliveries	2023/01/30	2023/12/31	2,174,000*
Q-service Truck Sp. z o.o.	FORD Otomotiv	payment for deliveries	2023/09/12	2025/03/04	3,478,400*
Q-service Truck Sp. z o.o.	FORD Otomotiv	payment for deliveries	2023/09/29	2025/03/21	23,914,000*
Inter Cars Romania s.r.l.	Hankook Tire Budapest	payment for deliveries	2023/02/13	2023/12/31	10,870,000*
Inter Cars d.o.o.(Bosnia and Herzegovina)	Bosch	payment for deliveries	2023/02/07	2023/12/31	86,960
ILS Sp. z o.o.	Prologis Poland XXXII Sp. z o.o.	rent in Wroclaw	2023/05/30	2024/06/01	1,125,521
ILS Sp. z o.o.	Prologis Poland XXXII Sp. z o.o.	rent in Wroclaw ASTI2	2023/05/30	2024/06/01	664,024
Inter Cars INT d.o.o.(Slovenia)	SKB banka d.d.	credit guarantee	2023/11/23	2026/01/08	34,784,000
Q-service Truck Sp. z o.o.	ISUZU TRUCKS Polska Sp z o.o.	payment for deliveries	2023/03/20	2024/08/31	1,000,000
Q-service Truck Sp. z o.o.	ISUZU BENELUX S.A.	payment for deliveries	2023/08/31	2025/01/31	500,000
Inter Cars Bulgaria Ltd.	Castrol	payment for deliveries	2023/08/04	2023/12/31	8,696,000
Inter Cars Romania s.r.l.	VGP ZONE BRASOV s.r.l.	rent in Brasov	2023/07/10	2040/03/06	43,480,000
Inter Cars d.o.o.(Bosnia and Herzegovina)	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	1,521,800
Inter Cars Bulgaria Ltd.	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	10,870,000
Inter Cars GREECE	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	4,348,000
Inter Cars d.o.o.	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	4,348,000
Inter Cars Hungária Kft	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	5,217,600
Inter Cars Italia s.r.l	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	869,600
Inter Cars Latvija SIA	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	9,565,600
Inter Cars Piese Auto s.r.l.	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	3,261,000
Inter Cars Romania s.r.l.	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	19,566,000
Inter Cars d.o.o. Beograd-Rakovica	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	2,174,000
Inter Cars INT d.o.o.(Slovenia)	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	1,956,600
Inter Cars Ukraine LLC	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	6,522,000
Inter Cars United Kingdom - automotive technology Ltd	ZF Friedrichshafen AG ZF Aftermarket Schweinfurt	payment for deliveries	2023/01/13	2023/12/31	1,521,800
BEREA Sp. z o.o.	BEREA Sp. z o.o.	rent in Warsaw Młociny	2023/10/23	2025/02/28	1,456,580
PDC Industrial Center 68 Sp. z o.o.	PDC Industrial Center 68 Sp. z o.o.	rental Łódź	2023/10/23	2025/02/28	739,160
Inter Cars Piese Auto s.r.l.	Donaldson	payment for deliveries	2023/03/30	2024/03/31	217,400
Inter Cars Bulgaria Ltd.	United Bulgarian Bank AD	credit guarantee	2023/12/05	2026/12/31	130,440,000
Inter Cars Hungária Kft	Hankook Tire Budapest KKft	payment for deliveries	2023/02/01	2024/01/31	7,609,000
Inter Cars Ukraine LLC	Ravensberger	payment for deliveries	2023/04/21	2023/12/31	1,304,400
Inter Cars S.A. Inter Cars Slovenská republika s.r.o. Inter Cars Hungária Kft Inter Cars Česká republika s.r.o.	Castrol CEE Sp. z o.o.	payment for deliveries	2023/01/19	2023/11/29	10,000,000
AIFM PL II Sp. z o.o.	AIFM PL II Sp. z o.o.	rent in Szczecin	2023/07/17	2024/10/31	413,060
TRISTAR GDAŃSK Sp. z o.o.	MALPAS	rent in Pruszcz Gdański	2023/07/17	2024/10/31	630,460
Accolade PL VII Sp. z o.o.	Accolade PL VII Sp. z o.o.	rental Białystok	2023/07/17	2024/10/31	391,320

* in 2023 signed annex increasing the amount of the guarantee

11. Security issues

In 2023 the company did not issue securities.

12. Seasonality or cyclical nature of operations

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

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

13. Evaluation of financial resources management

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

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

(in thousand PLN)

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

	2023	**2022** *transformed data*
Net revenue from sales of goods and products	18,030,309	15,285,101
Change	*18%*	*25%*
Gross profit on sales	5,258,644	4,654,987
Sales margin	*29.17%*	*30.45%*
Exchange differences	(1,317)	(2,020)
Operating profit	1,035,089	1,042,232
Operating margin	*5.74%*	*6.82%*
EBITDA	1,217,522	1,197,208
Gross profit	869,182	925,800
Net profit	700,297	745,698
Net profit margin	*3.88%*	*4.88%*
Balance sheet total	9,271,136	8,034,046
ROA	*7.55%*	*9.28%*
Non-current assets	1,720,239	1,450,241
Equity attributable to the shareholders of the parent entity	4,437,468	3,815,725
ROE	*15.78%*	*19.54%*

In total, **selling costs and administrative expenses** increased by 27.4% on the 2022 figure. The costs of sale and administration in 2023 went up by 1.0% to 14.0% compared to the same period of 2022, when it was on the level of 13.0%).

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

	2023	**2022**	**change**
Amortization and depreciation	182,433	154,976	17.7%
Materials and energy used	300,639	266,145	13.0%
Outsourced services, including:	3,102,174	2,608,851	18.9%
distribution services	1,666,041	1,529,288	8.9%
other services	1,436,133	1,079,563	33.0%
Taxes and fees	24,941	16,102	54.9%
Payroll	509,194	397,311	28.2%
Social insurance and other benefits	116,683	88,942	31.2%
Other costs by type	140,911	137,785	2.3%
Total costs by type	**4,376,975**	**3,670,112**	**19.3%**

Total **costs by type** in 2023 increased by 19.3% as compared to 2022. Other services costs increased by 33.0% compared to previous year. The main reason for the increase in the cost of services (including logistics services) is the sales dynamics caused by both the increase in volumes and the translation of inflation into unit sales prices.

The greatest-value item under the Group's operating costs is **distribution services**, that is the affiliate branch's share in the generated margin. Together costs of distribution in 2023 reached PLN 1,666,041 thousand, i.e. 38.1% of total costs by type.

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

(in thousand PLN)

Financial revenues and costs include primarily costs and revenues due to interest. In 2023 in particular, the Group sustained costs on this account in the amount of PLN 173,583 (PLN 127,815 in 2022). The increase in interest expenses was related to both the increase in loan debt and the increase in WIBOR and other factors, which are the basis for interest calculation for banks. **Liabilities resulting from credits, loans, debt securities and finance lease** as at 31 December 2023 amounted to PLN 2,575,149 thousand.

Income tax expense includes accrued income tax, as well as a change in assets and deferred tax liabilities, with total value of PLN 203,855 thousand (PLN 148,327 thousand back in 2022)

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

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

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

	2023	**2022**
Current assets	7,550,897	6,555,300
Cash and securities	367,904	357,190
Short-term liabilities	3,143,903	2,792,988
Current loans, borrowings and lease liabilities	1,283,863	1,247,930
Adjusted current assets [A]*	7,182,993	6,198,110
Adjusted current liabilities [B]**	1,860,040	1,545,058
Net working capital [A-B]	5,322,953	4,653,052

*[A] Current assets less cash and cash equivalents

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

(in thousand PLN)

Net working capital engaged increased by about 14%

	2023	2022
Inventory cycle in days	122	124
Average collection period in days	48	44
Operating cycle in days	170	168
Average payment cycle in days	35	36
Cash conversion cycle in days	135	132
Current ratio	2.40	2.35
Quick ratio	0.99	0.88
Cash ratio	0.12	0.13

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

	2023	2022
Total debt ratio	0.52	0.52
Debt-to-equity ratio	1.09	1.10

The Group's operations are funded with the Group's internally generated funds and bank loans. As at the end of 2023, loans, borrowings, debt securities and finance lease liabilities total of PLN 2,575,149 thousand, and the **total debt ratio** amounted to 0.52, keeping the level from the year before.

Debt-to-equity ratio went down compared to 2022 and equals 1.09.

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

	2023	2022
Net cash from operating activities	486,668	(98,362)
Net cash from investing activities	(351,926)	(165,657)
Net cash from financing activities	(124,028)	380,544
Cash and cash equivalents at the end of the period	367,904	357,190

In 2023, cash flow generated from operating activities increased by approximately PLN 585 million mainly due to an increase in trade payables caused by an increase in inventory levels.

The value of funds generated in investing activities became negative due to expenses incurred for the purchase of intangible assets necessary for operations and fixed assets, for the most part representing the construction and equipping of the newly launched warehouse halls at the European Logistics and Development Centre in Zakroczym.

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

(in thousand PLN)

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

	2023	2022 *transformed data*
Net revenue from sales of goods and products	11,805,991	10,326,349
Change	*14%*	*23%*
Gross profit on sales	2,792,877	2,632,793
Sales margin	*23.66%*	*25.50%*
Exchange differences	5,856	(2,020)
Operating profit	421,995	647,814
Operating margin	*3.57%*	*6.27%*
EBITDA	464,066	686,455
Gross profit	433,993	653,559
Net profit	361,241	542,599
Net profit margin	*3.06%*	*5.25%*
Balance sheet total	7,080,590	6,327,241
ROA	*5.10%*	*8.58%*
Non-current assets	979,572	963,636
Equity	3,126,200	2,775,018
ROE	*11.56%*	*19.55%*

Gross sales profit was 6.1% higher than in 2022.

Operating result in 2023 was lower than in 2022 by 34.9%.

EBITDA margin in 2023 was running at the level of around 3.93% (in 2022: 6.65%).

In total, **selling costs and administrative expenses** increased by 20% on the 2022 figure, without distribution cost and licence fees. The greatest-value item under the Company's costs is **distribution services** , that is the affiliate branch's share in the generated margin. In 2023, the total distribution costs amounted to PLN 793,103 thousand i.e. 34.6% of the total costs by type, and were 8.2% higher than in previous year.

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

	2023	2022	Change
Amortization and depreciation	42,071	38,641	8.9%
Materials and energy used	35,523	31,881	11.4%
Outsourced services, including:	1,942,844	1,698,037	14.4%
distribution services	793,103	732,951	8.2%
other services	1,149,741	965,086	19.1%
Taxes and fees	57,368	50,508	13.6%
Payroll	154,332	122,309	26.2%
Social insurance and other benefits	31,786	22,195	43.2%
Other costs by type	29,983	21,914	36.8%
Total costs by type	**2,293,907**	**1,985,485**	**15.5%**

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

Financial costs comprise primarily the costs of loans. The cost of interest amounted to PLN 139,445 thousand (in 2022 PLN 103,629 thousand). The higher interest costs were due to the increase in interest rates related to the situation in financial markets around the world.

(in thousand PLN)

Foreign exchange gains (losses) are presented under two items of the statement of the total income: the part corresponding to the realised and unrealized foreign exchange gains (losses) on settlements of trade payables in foreign currencies is presented as an adjustment to the cost of goods for resale sold, and the balance is presented as a separate item of the statement. Total exchange rate gains/losses presented in both positions in the year 2023 were negative and amounted to PLN 52,796 thousand. In the year 2022 there were also negative exchange rate differences amounting to PLN 8,087 thousand. Negative foreign exchange rates resulted main from stronger PLN against the EUR.

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

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

	2023	**2022**
Current assets	6,101,018	5,273,534
Cash and cash equivalents	51,932	75,173
Short-term liabilities	2,901,394	2,568,870
Short-term loans, borrowings, debt security and finance lease liabilities	1,145,688	1,051,062
Adjusted current assets [A]*	6,049,086	5,198,361
Adjusted current liabilities [B]**	1,755,706	1,517,808
Net working capital [A-B]	4,293,380	3,680,553

*[A] Current assets less cash and cash equivalents

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

Net working capital engaged increased by 16.65%

	2023	**2022**
Inventory cycle in days	99	98
Average collection period in days	97	87
Operating cycle in days	196	185
Average payment cycle in days	55	55
Cash conversion cycle in days	141	130
Current ratio	2.10	2.05
Quick ratio	1.25	1.12
Cash ratio	0.02	0.03

The Company's operations are funded with the Company's internally generated funds, lease and bank loans. In total, at the end of 2023, liabilities on credits, loans, debt securities and finance lease amounted to PLN 2,009,274 thousand, whilst in 2022 PLN 2,665,196 thousand.

The total debt ratio in 2023 is equal to 0.56 and unchanged from 2022. The debt-to-equity ratio in 2023 is equal to 1.26 and has increased by 0.01 p.p. compared to the previous year.

Debt ratios are presented in the following table.

	2023	**2022**
Total debt ratio	0.56	0.56
Debt-to-equity ratio	1.26	1.25

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

(in thousand PLN)

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

	2023	2022
Net cash from operating activities	(30,706)	(377,410)
Net cash from investing activities	(2,007)	33,567
Net cash from financing activities	9,473	393,522
Cash and cash equivalents at the end of the period	51,932	75,173

In 2023, cash flow from operating activities was negative. This was mainly influenced by an increase in trade receivables, both from related and unrelated parties.

The value of funds generated in investing activities became negative due to the granting of a loan to the subsidiary ILS Sp. z o.o. for the expansion of the logistics centre in Zakroczym.

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

14. Assessment of investment project feasibility

In 2023, expenses toward purchases and modernization of plant, property and equipment reached the value of PLN 360,073 thousand. (in 2022 - PLN 177,118 thousand). Expenditure was incurred in connection with the purchase of replacement fixed assets, but primarily in connection with the investment by the subsidiary ILS Sp. z o.o. in the construction and equipping of new halls at the logistics centre in Zakroczym. The total value of this investment is estimated at approximately PLN 300 million, of which PLN 246,395 thousand was spent in 2023. Of this, PLN 230,248 thousand represents buildings and land.
In 2023, the Group's investments were financed from its own funds and loans held.

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

The consolidated EBITDA for 12 months cumulatively for the period ended on 31 December 2023 was PLN 1,217,522 thousand (PLN 1,197,208 thousand in 2022).

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

Internal factors

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

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

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

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

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

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

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

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

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

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

External factors

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

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

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

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

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

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

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

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

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

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

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

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

Risk of changes in the discount policies of spare parts manufacturers

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

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

Risk related to adoption of an incorrect strategy

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

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

Risk related to changes in the demand structure

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

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

Risk related to seasonal sales

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

Risk related to bank loans

Bank loans are an important source of funding for the Group's operations. As at 31 December 2023 the Group's debt under bank loans, bonds and finance leases amounted to PLN 2,575,149 thousand, and the total finance expenses relating to debt service (interest) stood at PLN 143,757 million. Loans raised by the Group are variable-rate loans, so a potential marked increase in interest rates, translating into higher reference rates for the loans, would – through higher finance expenses – reduce the Group's profitability and limit its capacity to generate funds to finance further development and, in extreme cases, could even threaten its liquidity. Another risk factor associated with bank financing is the risk of a bank's refusal to extend or grant lines of credit. Any reduction in the Company's ability to fund its business with bank loans resulting from a termination of or refusal to extend some of the agreements would have a material adverse effect on the Company's development prospects, its liquidity and financial performance.

Risk of an affiliate branch operator engaging in competitive activity

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

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

Risk related to the IT system

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

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

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

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

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

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

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

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

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

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

Risk related to customer base diversification by spare parts manufacturers

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

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

Risk related to car manufacturers taking over spare parts production

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

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

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

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

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

Risk related to the macroeconomic situation

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

Risk related to economic policy in Poland

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

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

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

Risk related to the foreign customers structure

Export sales in Inter Cars Group is done to most of the countries in Europe, excluding Russia and Belarus. Due to this a substantial part of sales of the Group is exposed to risk typical of recipients' country, such as: changes in volume and structure of the market of spare parts, changes in the purchasing power of the population, stability of economic and political systems in those countries. Adverse developments in those countries, resulting in reduced or abandoned purchases, would adversely affect the Group's financial performance.

Risk related to activities regarding remanufacturing of spare parts

The risks inherent in these operations primarily include: risk connected with deficiencies of the IT solutions that support control and management, the need to maintain high stocks of production materials and the resultant risk of impairment in their value in the event of a change in customers' preferences or an increase in the competitive pressure, risk connected with the fact that the operations are based on orders, without agreements in place with key customers, and risk relating to the constantly growing competition from cheap spare parts manufacturers (Far East).

Risk related to development of the subsidiaries

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

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

The risk of digitisation

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

Climate risk

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

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

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

Environmental risk

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

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

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

Employee risk

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

Risk of escalation of hostilities

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

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

18. Strategy and Future Development Prospects

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

1. Product range development.

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

2. Expansion of the distribution network in Poland and abroad.

   Inter Cars already has 632 branches, including 246 branches in the country. The Company provides organisational and logistics expertise, capital, IT systems, a full range of products and their availability, and a trademark. The strategic objective is to continually develop the distribution network that has been built up so far and is working so effectively

3. Logistics.

   Another element in building Inter Cars' competitive advantage is the continuous improvement of the supply chain and logistics services. Within Inter Cars there is a specially dedicated company, ILS sp. z o.o. (ILS), which acts as a specialised logistics entity. Its task is to organise the flow of goods from manufacturers to Inter Cars branches. Work to automate and robotise warehouse operations at the Group's logistics centres is currently performed.

4. Development of partnership programmes.

   Partner programmes add value to the product range, such as: garage equipment programmes, training, technical service, the development of sales-support IT systems and the ongoing development of the Motointegrator Partner garage chains (Q-Service Castrol, Parts manufacturer networks such as Bosch Car Service, Premio) and Q-Service Truck.

5. Development of Motointegrator.pl and fleet programme.

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

The Group has introduced a new platform for B2B customers in already 19 countries where Inter Cars operates. A further 2 are planned for 2024. In Poland, the implementation process is in progress, with a full roll-out planned for late 2024/early 2025. The platform is already used by more than 180,000 users across Europe and 7,000 Inter Cars employees. The platform records 8 million logins per month.

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

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

The strategy is realized by all companies of the Group.

One-Stop-Shop

(in thousand PLN)

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

In May 2021, the Inter Cars Foundation was established as part of the implementation of the Inter Cars SA sustainable development strategy. Its mission is to support the development of accessible, safe and responsible mobility for people and climate.
Through our original programmes and partnerships we export innovations and values which are the basis for Inter Cars development - passion and commitment, partnership, credibility, loyalty and leadership by example.

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

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

19. Changes in key principles of managing the Group

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

20. Remuneration of executives

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

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

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

	01/01/2023-31/12/2023	**01/01/2022-31/12/2022**
Andrzej Oliszewski – Chairman of the Supervisory Board	258,540	207,120
Jacek Podgórski – Member of the Supervisory Board	192,000	152,000
Radosław Kudła – Member of the Supervisory Board	222,000	152,000
Piotr Płoszajski– Member of the Supervisory Board	116,000	171,000
Jacek Klimczak – Member of the Supervisory Board	96,000	76,000
Tomasz Rusak – Member of the Supervisory Board	96,000	76,000
	980,540	**834,120**

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

	01/01/2023-31/12/2023	**01/01/2022-31/12/2022**
Maciej Oleksowicz – President of the Management Board	4,204,000	4,375,582
Krzysztof Soszyński – Vice-President of the Management Board	4,205,800	4,345,400
Wojciech Twaróg - Member of the Management Board	4,205,200	4,376,782
Piotr Zamora – Member of the Management Board	4,204,787	4,376,782

(in thousand PLN)

	16,819,787	**17,474,546**

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

	01/01/2023-31/12/2023	**01/01/2022-31/12/2022**
Other members of the Key Management Personnel	9,068,751	8,240,460
	9,068,751	**8,240,460**

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

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

Total remuneration of the members of the Management Board paid or due for 2023 amounted to PLN 16,819,787.

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

Information on agreements concluded between the Company and the management staff members, which would provide for a compensation to the management staff members in case they resign or are dismissed without a good reason or in case they are removed or dismissed due to the Company being merged with another company by way of an acquisition.
The non-competition agreements entered into with the members of the Management Board and approved on 26 June 2017 by virtue of a resolution of the Company's Supervisory Board (hereinafter referred to as "the Agreements") regulate the issues related to refraining from engaging in activities competitive to those carried out by the Company following ceasing to perform the duties of a member of the Management Board in return for a compensation. During the term of the non-competition period, i.e. 12 months of the date of ceasing to perform the duties of a member of the Management Board, the members of the Management Board are entitled to a compensation of 80% of twelve times the average monthly remuneration paid or payable to a member of the Management Board by the Company or entities from the Inter Cars S.A. Capital Group during the 36 months immediately preceding the date of ceasing to perform the said duties ("hereinafter referred to as "the Base"), calculated in conformity with the said Agreements.
Furthermore, the Agreements provide for an additional severance pay in the event of a dismissal of member of the Management Board or in the event of such member not being appointed for a subsequent term of office during a period of 24 months of the date of a hostile takeover or a change of control. In such cases, a member of the Management Board is entitled to e severance pay of 60 times the Base in the event of a hostile takeover, and 12 times the Base in the event of a change of control. According to the Agreements, a hostile takeover refers to a situation where an entity other than a shareholder, holding as at the date of signing the Agreements at least twenty-five percent (25%) of the Company's stocks, controlling entities of such shareholder, subsidiaries of such shareholder or subsidiaries of entities controlling such shareholder or their legal successors (hereinafter referred to as "the Key Shareholder"), acquires, directly or indirectly, at least thirty-three percent (33%) of the Company's total stock without the consent of the Key Shareholder or another entity to which the Key Shareholder sells the shares it holds in the Company.

(in thousand PLN)

According to the Agreements, a change of control refers to a situation where a direct or indirect share of any Key Shareholder in the total number of the Company's shares decreases below five percent (5%).

Information on shares

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

As at 31/12/2023

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

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

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

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

As at the publication date of these financial statements

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

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

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

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

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

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

The Incentive Scheme implemented by virtue of a resolution of the Extraordinary General Shareholders Meeting, which was in force between 2007 and 2009, required execution of participation agreements with participants of the Incentive Scheme, who include members of the management bodies, managers, and employees of key importance to the implementation of the Group's strategy. As at the publication date of this report, the Incentive Scheme has been completed, therefore no changes will occur in the percentages of shares held.

(in thousand PLN)

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

Special control powers over the Company

The Company has not recently issued any securities conferring any special control powers.

Restrictions on transferability of securities

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

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

Shareholders holding 5% or more of the total vote as at 31/12/2023:

Shareholder**	Number of shares	Total nominal value	Percentage of share in the share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
Allianz OFE and Allianz DFE	1,786,446	3,572,892	12.61%	12.61%
NATIONALE NEDERLANDEN OFE, NATIONALE NEDERLANDEN DFE***	1,616,580	3,233,160	11.41%	11.41%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Generali OFE	894,386	1,788,772	6.31%	6.31%
Total	**9,301,503**	**18,603,006**	**65.65%**	**65.65%**

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

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

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

Shareholder**	Number of shares	Total nominal value	Percentage of share in the share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
Allianz OFE and Allianz DFE	1,786,446	3,572,892	12.61%	12.61%
NATIONALE NEDERLANDEN OFE, NATIONALE NEDERLANDEN DFE***	1,616,799	3,233,598	11.41%	11.41%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Generali OFE	894,386	1,788,772	6.31%	6.31%
OFE PZU	710,750	1,421,500	5.02%	5.02%
Total	**10,012,472**	**20,024,944**	**70.67%**	**70.67%**

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

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

Information on purchasing own shares

In 2023, the Company did not purchase its own shares.

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

The Company is not aware of any such agreements

22. System of control of employee stock option plans

All stock options plans for shares held by Members of the Board were executed in the year 2009. In 2013 no stock option plan was implemented at the Group.

23. Qualified auditor of financial statements

On 07 September 2023, the Company signed an agreement with KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. to perform an audit of the annual financial statements and semi-annual financial statements for 2023 and 2024. The total fee in 2023 resulting from the agreement is PLN 750 thousand, of which PLN 262 thousand is the cost of audit of the annual separate financial statements, and PLN 335 thousand is the costs of audit of the annual consolidated financial statements and PLN 152 thousand is the cost of audit of semi-annual condensed consolidated financial statements and semi-annual condensed separate financial statements.

Additionally, for the audit of financial statements of Polish subsidiaries: ILS Sp. z o.o., ICMS Sp. z o.o., Feber Sp. z o.o., Lauber Sp. z o.o., Q-Service Sp. z o.o. PLN 60 thousand per each company, and PLN 75 thousand for Inter Cars Fleet Services Sp. z o.o. and Q-Service Truck Sp.z o.o. The total contractual remuneration for the audit of the Polish Subsidiaries for 2023 amounted to PLN 450 thousand.

In turn, as result of an audit of the financial statements of foreign subsidiary companies for 2023 – Inter Cars d o.o. (Bosnia and Herzegovina), Inter Cars Bulgaria Ltd., Inter Cars d.o.o. (Croatia), Inter Cars Česká republika s.r.o., Inter Cars Eesti OU, Inter Cars Lietuva UAB, Cars Latvija SIA, Cleverlog-Autoteile GmbH, Inter Cars Romania s.r.l., Inter Cars Slovenská republika s.r.o., Inter Cars INT d o.o. (Slovenia), Inter Cars Hungária Kft, Inter Cars Italia S.r.l., Inter Cars Malta Ltd. & Inter Cars Malta Holding Ltd, the total fee under the agreements amounted to EUR 426 thousand and USD 45 thousand for auditing Inter Cars Ukraine LLC.

In addition, on account of other non-audit services for Inter Cars S.A. and Group Companies approved by the Audit Committee in 2023, the remuneration amounted to PLN 163 thousand, including: attestation of the Inter Cars S.A. Sustainability Report for 2023 (PLN 115 thousand), examination of the Inter Cars S.A. remuneration report for 2023 (PLN 35 thousand), examination of the report on transactions with related entities for Inter Cars INT d.o.o (Slovenia) (PLN 13 thousand). In addition, EUR 25 thousand was paid for tax services to a Group company in 2023 .

24. Employment

As at 31 December 2023, the Company employed 995 personnel. In total the Group employed 4,374 people.

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

25. Environmental policy

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

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

(in thousand PLN)

No.	Number and date of decision	Issuing authority	Area covered by the decision	Scope of the decision
1.	Decision no. 170/2013 dated 18/12/2013 (ŚR-6341/11M/2/13)	Governor of the Nowy Dwór County	Cząstków Mazowiecki ul. Gdańska 15, Czosnów Municipality	The water legal permit for intake of underground water from the quaternary formations from an intake in Cząstków Mazowiecki for household and utility purposes, except for food purposes, as well as watering greenery and for the purposes of water treatment, and a permit to build a water facility – well S3.
2.	DKR/074-E9215/08/ar	Superior Environmental Inspector	Cząstków Mazowiecki ul. Gdańska 15, Czosnów Municipality	Registration of the Superior Environmental Inspector for the collection of electronic waste no. E0009215W
3.	DKR/074-E9215/09/ar	Superior Environmental Inspector	Cząstków Mazowiecki ul. Gdańska 15, Czosnów Municipality	Registration of the Superior Environmental Inspector for the collection of waste batteries and recycling of the same no. E0009215WBW
4.	Decision No. 85 of 10/05/2016 (ŚR.6341.15.2016)	Governor of the Nowy Dwór County	Cząstków Mazowiecki ul. Gdańska 27, Czosnów Municipality	The water legal permit for intake of underground water from an intake in Cząstków Mazowiecki on the plot of land number 361/3 belonging to Inter Cars S.A.
5.	Notice of assignment of registration number in BDO dated 20.04.2018	Marszałek Województwa Mazowieckiego	Inter Cars S.A.	Waste Database with registration number 000012313 Re. Generation of waste, introduction of packaged products (as well as oils, tyres, batteries, electrical and electronic equipment)
7.	A decision of 28/06/2022 Valid till 28 June 2052	State Water Holding "Polish Waters"	Inter Cars S.A. ul. Gdańska 15, Cząstków Mazowiecki	Water legal permit for the construction of a water facility, i.e. an earthen, open-air storage reservoir.
8.	A decision no120 of 07 September 2015 Valid until 07 September 2025	Governor of the Nowy Dwór County	Logistics Centre in Zakroczym Swobodnia 35 mun. Zakroczym	Water legal decision for the construction of water facilities and the discharge of rainwater and snowmelt into the ground.
9.	A decision no 97/2014 of 29/05/2014 Valid till 31 May 2034	Governor of the Nowy Dwór County	Logistics Centre in Zakroczym Swobodnia 35 mun. Zakroczym	Water legal decision for the abstraction of groundwater for domestic and household purposes, watering of greenery, maintenance of cleanliness of the area and for the needs of the treatment and boiler house.
10.	A decision no 1/2015 of 06/05/2015 Valid till 05 May 2025	President of Słupsk City	Lauber Sp. z o. o.	Permit for the introduction of gases and dust into the air for technological installations located on the Company's premises.
11.	A decision no 1/2023 of 06/03/2023 Valid till 05 March 2033	President of Słupsk City	Lauber Sp. z o. o.	Waste generation permit for an installation located on the Company's premises.
12.	A decision of 30/05/2022 Valid till 30 May 2032	Sieradz Starost	Feber Sp. z o. o.	Permit for the introduction of gases and dust into the air for truck production installations located on the Company's premises.

(in thousand PLN)

No.	Number and date of decision	Issuing authority	Area covered by the decision	Scope of the decision
13.	A decision of 04/04/2017 Valid till	Sieradz Starost	Feber Sp. z o. o.	Permit for the introduction of gases and dust into the air from a technological installation for the production of new vehicles - truck semi-trailers located on the site.
14.	Decision of 28/05/2021 Valid till 28 May 2031	Sieradz Starost	Feber Sp. z o. o.	Permit for the production of hazardous and non-hazardous waste generated during the operation of a trucks production facility located at the site
15.	A decision of 18/01/2019 Valid till 18 January 2029	State Water Holding "Polish Waters". Ciechanów Water Catchment Board	ILS Logistics Centre in Zakroczym Swobodnia 35 mun. Zakroczym	Water legal permit for the construction of a water facility - rainwater and snowmelt retention reservoir
16.	A decision of 01/03/2019 Valid till 31 May 2034	State Water Holding "Polish Waters". Ciechanów Water Catchment Board	ILS Logistics Centre in Zakroczym Swobodnia 35 mun. Zakroczym	Decision on assumption of rights and obligations under water permit No. 97/2014 for groundwater abstraction - for ILS Sp. z o.o. as legal successor of Inter Cars S.A.
17.	A decision of 12 September 2019	State Water Holding "Polish Waters". Ciechanów Water Catchment Board	ILS Logistics Centre in Zakroczym Swobodnia 35 mun. Zakroczym	A water legal decision for a specific water use involving works or structures permanently connected to the ground which have the effect of reducing the natural field retention.

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

The Group did not cease any activities in the reporting period.

The company OOO Inter Cars Automobilna Technika registered in Mogilev, Belarus has never started operational activities. In 2023, the Board took a decision to write off the shares in full and the company was removed from the register on 12.01.2024.

The Group does not expect to discontinue any other activities in the next period.

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

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

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

The Company's Management Board developed a safe way of delivering goods to the western regions of Ukraine, using the existing warehouse infrastructure and at the same time increasing the number of direct deliveries from the central warehouse in Zakroczym, Poland. The high availability of goods and the wide product range translated into a gradual increase in sales of Inter Cars Ukraine. In 2023, Inter Cars Ukraine realised sales of PLN 615 million, and 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.

The assets of Inter Cars Ukraine amount to PLN 133 million, the majority of which are inventories of PLN 98 million and cash of PLN 10 million. The use and transfer of cash in Ukraine is not restricted or subject to any restrictions, therefore the Company's cash is reported under the balance sheet item 'Cash and cash equivalents'. The Company's payables amount to PLN 67 million, with trade payables to external suppliers amounting to PLN 4 million and their balance being settled on an ongoing basis.

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

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

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

As at 31 December 2023, the Ukrainian company continues to operate and the Group controls the Ukrainian company and consolidates it using the full method in the financial statements. The Group performed an impairment test on the assets related to the goodwill of Inter Cars Ukraine. No impairment was identified based on the above mentioned test.

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

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

27. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2023

The Group did not publish any forecasts for 2023.

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

In 2023, no significant changes in the Group's structure occurred. More information is to be found in point 7 "Subsidiaries, jointly controlled and associated entities of Inter Cars - entities included in consolidation as at 31 December 2023", of the statement of activities.

29. Management and supervisory bodies

As at 31 December 2023, the management and supervisory bodies of the Company were composed of the following persons:

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

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

On 8 December 2023, the Supervisory Board of the Company decided to appoint a new member of the Management Board of the Company, Mr Wojciech Aleksandrowicz, as of 1 January 2024, for the current joint four-year term of office of the Management Board of the Company, which started on 31 May 2022. Moreover, the Supervisory Board of the Company took a decision that the Board of Managers shall be composed of five persons.

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

In 2023, no proceedings were brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings, whose aggregate value would represent 10% or more of the Company's equity.

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

31. Information on average foreign exchange rates

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

	2023	**2022**
Exchange rate as at 31.12	4.3480	4.6899
Average exchange rate from 1.01 to 31.12	4.5284	4.6883
Highest exchange rate in the period	4.7895	4.9647
Lowest exchange rate in the period	4.3053	4.4879

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

- for the items of the profit and loss account – the average exchange rate was used, defined as the arithmetic mean of the rates prevailing on the last day of each month within a given period, as quoted by the National Bank of Poland
- for the items of the balance-sheet – *the exchange rate prevailing on 31/12/2023*, that is the mid exchange rate for the EURO prevailing on that date, as quoted by the National Bank of Poland.

32. Corporate governance

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

Full version of the statement is attached to this report as Appendix: "INTER CARS S.A. MANAGEMENT BOARD'S STATEMENT OF COMPLIANCE IN 2023 WITH THE CORPORATE GOVERNANCE PRINCIPLES STIPULATED IN THE CODE OF BEST PRACTICE FOR WSE-LISTED COMPANIES".

33. Non-financial information statement

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

34. Key research and development achievements information

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

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

The Management Board of Inter Cars S.A. (the "Company") informs that on 24 May 2023 it became aware that on the same day the Company's Supervisory Board adopted a resolution on the appointment of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, ul. Inflancka 4A, 00-189 Warsaw, KRS number 0000339379, which is entered on the list of audit firms kept by the Polish Audit Supervision Agency under number 3546 as the audit firm to carry out:

(i) to audit the separate financial statements of the Company and the consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January 2023 to 31 December 2023 and from 1 January 2024 to 31 December 2024; and

(ii) to review the semi-annual condensed financial statements of the Company and the consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January 2023 to 30 June 2023 and from 1 January 2024 to 30 June 2024.

In addition, the Supervisory Board of the Company obliged the Management Board of the Company in its resolution to conclude the relevant agreements with KPMG for the next two years (i.e. 2023-2024). KPMG was also hired to audit the separate financial statements of the key entities of the Inter Cars S.A. capital group other than Inter Cars S.A. for the years 2023 and 2024.

The audit firm was selected following the Supervisory Board having read the recommendation of the Audit Committee prepared in conformity with the law and the Company's internal regulations. The audit firm was selected in conformity with the Company's By-laws and the applicable law. The Company used services of KMPG in the area of auditing and reviewing financial statements for the years 2005 - 2015.

These Board's statement on the activity of the group was approved by the Management Board of Inter Cars S.A for publication on 25 April 2024.

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

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

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

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

Maciej Oleksowicz
President of the Management Board

Krzysztof Soszyński
Vice-President of the Management Board

Wojciech Twaróg
Member of the Management Board

Piotr Zamora
Member of the Management Board

Wojciech Aleksandrowicz
Member of the Management Board

Warsaw, 25 April 2024

INTER CARS S.A. MANAGEMENT BOARD'S

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

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

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

2. Non-compliance with the corporate governance principles

The Company represents that in 2023 it complied with all the applicable corporate governance principles except for, the following:

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

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

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

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

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

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

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

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

Explanation: *See the explanation to point 2.1.*

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

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

On 24 April 2024, the Company updated the content of the explanation to Rule 3.1. The new wording of the explanation can be found below:

Explanation: *At the present stage of development the Company does not apply the said principle to the full extent. Internal control and risk management systems have a dispersed character and are realized by the financial division of the Company, as well as by other organizational units, including operational division. Starting from 2017 the Company has had a programme of the compliance adopted by the Management Board , which in particular includes the Code of Conduct and Good Practice, the Abuse Prevention Policy, the Conflict of Interest Prevention Policy, the Confidentiality Policy, the Mobbing Prevention Policy and the Occupational Health and Safety and Environment Protection Policy. The programme is aimed at ensuring the Company's compliance with the law, business standards and other market requirements through appropriate management of the non-compliance risk. Within the programme a process of managing the abuse risk and the conflict of interest has been implemented. The internal audit function was created in the structure of the Company in 2018. In 2024, the formal process of separating the risk management function into the Company's structure began.*

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

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

On 24 April 2024, the Company updated the content of the explanation to Rule 3.1. The new wording of the explanation can be found below:

Explanation: *Internal control and risk management systems have a dispersed character and are realized by the financial division of the Company, as well as by other organizational units, including operational division. The compliance programme operates on the basis of the compliance department, which is part of the Company's legal department. The Company has a separate internal audit department. In 2024, the formal process of separating the risk management entity in the Company's structure began.*

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

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

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

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

On 24 April 2024, the Company updated the scope of Rule 3.10 above, which is now applied by the Company.

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

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

(in thousand PLN)

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

The Company's financial statements and periodic reports are prepared by the Chief Financial Officer Accountant in accordance with the applicable laws and regulations and the accounting policies adopted by the Company; the Management Board, which is responsible for reliability and accuracy of the prepared information, reviews the financial statements and periodic reports on an ongoing basis.
The financial statements are prepared only by people with access to relevant financial data. The financial data serving as the basis of the financial statements and periodic reports comes from the accounting and financial system which records accounting events in accordance with the Company's accounting policy (approved by the Management Board), which is based on the International Accounting Standards and the International Financial Reporting Standards. The Company monitors on an ongoing basis changes to laws and regulations on reporting requirements for listed companies, and prepares for their adoption appropriately in advance.
The financial reporting process is also monitored by the Company Supervisory Board Audit Committee, which reviews the interim and annual financial statements of the Company and controls the correctness of particular stages of financial reporting. The Audit Committee is also responsible for verifying the functioning of the financial reporting systems applied by the Company and issuing opinions thereon.
Financial statements approved by the Management Board are subject to approval by an independent auditor - an audit firm selected by the Company's Supervisory Board from among reputed audit firms, having regard for the recommendation of the Supervisory Board Audit Committee.
Based on the circumstances identified in the course of auditing the financial statements, the Company's Financial Division, in cooperation with an audit firm, attempts to prepare recommendations related to improving the Company's internal control system with a view to their potential implementation.
The Financial Division and Division Heads prepare periodic management information reports including an analysis of the key financial data and operating ratios of the business segments, and provide them to the Management Board.
Since the creation of the separate internal audit control unit in 2018, the organization and correctness of preparing the financial statements have also been subject to periodical audits carried out by the said unit.

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

No.	Shareholder	Number of shares	Number of votes at GM	% in overall number of voting shares
1.	OK Automotive Investments B.V.*	3,726,721	3,726,721	26.30%
2.	Allianz OFE, Allianz DFE	1,786,446	1,786,446	12.61%
3.	NATIONALE NEDERLANDEN OFE, NATIONALE NEDERLANDEN DFE	1,616,799	1,616,799	11.41%
4.	Andrzej Oliszewski	1,277,370	1,277,370	9.02%
5.	Generali OFE	894,386	894,386	6.31%
6.	OFE PZU	710,750	710,750	5.02%
7.	Other shareholders	4,155,628	4,155,628	29.33%
	Total number of shares / votes	**14,168,100**	**14,168,100**	**100%**

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

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

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

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

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

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

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

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

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

The term of office of the Management Board of the Company is four years. Its members are appointed for a common term and dismissed by a resolution of the Supervisory Board. The Board is composed of three to nine members of the Board. The number of the Members of the Management Board is established by the Supervisory Board The Member of the Board can be dismissed or suspended also by the General Meeting.
Members of the Management Board may be appointed from among the shareholders or from outside this group. The President and Vice-President of the Management Board are appointed by a resolution of the Supervisory Board. The Supervisory Board adopts a resolution to appoint the President and, possibly, Vice-President of the Management Board. The term of the Member of the Board extinguishes on the day of General Shareholders Meeting which approves financial statement for the last full accounting year when the Member was in term. The mandate of the Member of the Board also becomes void in case of death, resignation or dismissing the Member from his function in the Board.
The mandate of a member of the Management Board expires also as a result of their death, resignation or dismissal. A resolution of the Supervisory Board on suspending, for important reasons, particular members of the Management Board, as well as a resolution on appointing a member of the Board to a temporary term is adopted by a majority of 4/5 of the votes, in the presence of at least 4/5 of the composition of the Supervisory Board.
The members of the Management Board represent the Company in court and outside it. The scope of operation of the Board includes all matters of the Company not reserved for the General Meeting or the Supervisory Board. The Company is represented by two members of the Management Board or one Member of the Management Board together with a proxy.
The Members of the Management Board comply with the existing law, the Articles of Association and the Regulations of the Management Board of Inter Cars S.A, which stipulate the scope of laws and responsibilities of the Board and its operations. These Regulations are adopted by the Management Board and approved by the Supervisory Board. The Regulations of the Management Board are available on the Company’s website. Except for the provisions of the Articles of Association and the Rules of Board of Directors, the matters not exceeding the

range of standard activities of the Company do not require a resolution of the Board. Should the matter described above be objected by a member of the Management Board before it is realized, it shall need a resolution of the Management Board. The resolutions are adapted by an absolute majority of votes with presence of at least a half of the Members of the Board. The Board Meetings take place not less often than once every two weeks. Members of the Management Board can take part in passing resolutions of the Board by voting in writing, through the other member of the Board. Voting in writing cannot apply to matters being entered into the agenda during the Board Meeting. Resolution of the Board can be passed also in a written form or using means of direct communication at a distance.
Decisions regarding issuing or repurchasing of shares are governed by the provisions of the Commercial Companies Code, however, the General Shareholders Meeting is exclusively authorized to make decisions regarding any changes to the Company's share capital or redemption of shares.

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

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

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

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

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

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

As at 1 January 2023 and 31 December 2023, the following people composed the Board of Managers:

1) Maciej Oleksowicz – President of the Management Board;
2) Krzysztof Soszyński – Vice-President of the Management Board;
3) Wojciech Twaróg - Member of the Management Board;
4) Piotr Zamora – Member of the Management Board.

On 8 December 2023, the Supervisory Board of the Company decided to appoint a new member of the Management Board of the Company, Mr Wojciech Aleksandrowicz, as of 1 January 2024, for the current joint four-year term of office of the Management Board of the Company, which started on 31 May 2022. Moreover, the Supervisory Board of the Company took a decision that the Board of Managers shall be composed of five persons.

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

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

As at 1 January 2023 and 31 December 2023, the following people composed the Supervisory Board:

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

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

In 2023, the Supervisory Board held four meetings.

The Supervisory Board is composed of five to thirteen members, appointed by the General Shareholders Meeting, which also appoints the Chairman of the Supervisory Board. From among other members, the Supervisory Board appoints the Vice-Chairman. The Supervisory Board appoints Deputy Chairman from among other members of the Supervisory Board. The number of members of the Supervisory Board is fixed by the General Meeting. In the event of block voting, the Supervisory Board is composed of thirteen members. Term of office of the Supervisory Board is 5 years and is common for all members. Members of the Supervisory Board can be appointed for subsequent terms.
The Supervisory Board adopts resolutions by an absolute majority of votes, in the presence of at least half of the members. A resolution may only be considered valid if all members of the Supervisory Board have been invited to the meeting. Meetings of the Supervisory Board are held at least once a quarter. Meetings shall be convened by written notice stating the place, time, proposed agenda for the meeting and the means of direct remote communication to be used during the meeting and delivered to all members at least 7 days before the date of the meeting. Meetings of the Supervisory Board are convened by its Chairman on their own initiative or at the request of a member of the Supervisory Board. The Supervisory Board may adopt resolutions without holding a meeting, by casting votes in writing or using means of remote communication, provided that all members of the Supervisory Board have received the

draft of the resolution which is to be voted upon and have agreed to such manner of voting and at least half of the members of the Supervisory Board took part in the voting.

Resolutions of the Supervisory Board regarding the suspension from duties of a member of the Management Board for a good reason, as well as resolutions regarding the delegation of a Supervisory Board member to temporarily perform the duties of a Management Board member, are adopted by a majority of 4/5 of the votes cast in the presence of no less than 4/5 of the Supervisory Board members.
The Supervisory Board exercises supervision over the Company's activities in the manner stipulated in the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure for the Supervisory Board adopted by the General Shareholders Meeting. The scope of powers of the Supervisory Board includes in particular: reviewing the Company's financial statements, the Directors' Report and the Management Board's recommendations concerning the distribution of profit or coverage of loss, and submitting an annual report on the findings of the above review to the General Shareholders Meeting, selecting an auditing company to audit the Company's financial statements, appointing members of the Management Board and removing them from office, appointing the President of the Management Board and (optionally) Vice-President of the Management Board from among its members, concluding contracts with members of the Management Board, establishing remuneration policies for members of the Management Board, and granting consent to acquire or dispose of real property, perpetual usufruct right to or interest in real property.

Audit Committee

On 25 September 2017, the Supervisory Board appointed an Audit Committee of the Supervisory Board of the Company.
As at 1January 2023 the following Members of the Supervisory Board composed the Audit Committee of the Company:

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

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

	Meets the independence criterion within the meaning of Art. 129.3 of the Act	***Has the knowledge and the skill related to accounting or auditing financial statements***		***Has the knowledge and the skill related to the automotive industry***	
		Meets the criteria	*Acquisition method*	*Meets the criteria*	*Acquisition method*
Andrzej Oliszewski	no	no	-	Yes	graduated from the Production Economics Department of the Warsaw School of Planning and Statistics (currently Warsaw School of Economics); co-founder of Inter Cars, since 1990 present in the automotive business, first as a partner at Inter Cars Partnership , since 1990 member of the Supervisory Board of Inter Cars S.A.
Jacek Podgórski	yes	yes	graduate of the University of Lodz, Faculty of Economic and Social Sciences; completed post-graduate studies at the University of Warsaw in the field of management, attended numerous training courses in finance, tax law and management, as part of his professional duties, among other things, he supervised the restructuring processes of capital groups, managed liquidity, credit and currency risks, was responsible for the bank's syndicated loan portfolio and financing companies from the large enterprise sector.	No	-
Radosław Kudła	yes	yes	Graduate of Szkoła Główna Handlowa (SGH Warsaw School of Economics), faculty: Finance and Banking. Holds a title of CFA Charter holder, and took part in numerous trainings in the valuation of derivatives and structured products. Professional experience gathered in financial institutions, including 6 years as a member of the Management Board of national bank.	No	-

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

In 2023, the Audit Committee held eight meetings.

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

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

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

In 2023, the entities belonging to the audit company, KMPG AUDYT Spółka z ograniczoną odpowiedzialnością Sp. k., having its registered seat in Warsaw, provided to the companies from the Inter Cars S.A. Capital Group allowed services other than an audit. The Audit Committee evaluated the independence of the audit firm and each time expressed its consent for the performance of such services.

Underlying assumptions behind appointing an audit firm:

(i) ensuring a transparent, reliable and fair selection of an audit firm, conforming to the principle of rotation of an audit firm and a key chartered accountant;

(ii) carrying out of an audit firm selection process by the Audit Committee and preparing recommendation for the Company's Supervisory Board on selection of an audit firm, which, if not related to a renewal of an audit order, includes no fewer than two audit firms to choose from, a justification and an indication of why one of them is preferable;

(iii) selecting an audit firm by the Supervisory Board based on the recommendations of the Audit Committee.

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

(i) ensuring compliance with respect to ordering and provision of permitted services other than an audit;

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

On 24 May 2023, the Company's Supervisory Board, upon the recommendation of the Audit Committee, adopted a resolution to appoint KPMG AUDYT spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw, ul. Inflancka 4a, 00-189 Warsaw, which is entered on the list of audit firms maintained by the Polish Audit Supervision Agency under number 3546 ("KPMG") as the audit firm to:

1. audit the separate financial statements of the Company and the consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January 2023 to 31 December 2023 and from 1 January 2024 to 31 December 2024; and
2. to review the separate financial statements of the Company and the consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January 2023 to 30 June 2023 and from 1 January 2024 to 30 June 2024.

The audit firm was selected following the Supervisory Board having read the recommendation of the Audit Committee prepared in conformity with the law and the Company's internal regulations. The audit firm was selected in conformity with the Company's By-laws and the applicable law.

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

The Company does not have in place any defined policy of diversity applied with respect to administrative, managing and supervisory bodies. The decision not to prepare the policy results from the Company's many years of experience in managing human resources, which proves that natural selection of staff based on market mechanisms, without applying any special preferential terms or restrictions, allows the Company to maintain a strongly motivated and efficient team of employees. The criteria applied by the Company with respect to hiring staff, including managerial staff, are satisfactory from the point of view of the diversity criterion.

In addition, the Company applies and acts in conformity with the applicable regulations and internal rules governing this area, such as the Code of Conduct and Good Practices. The Code implements the principle of equal treatment irrespective of sex, age race, point of view, health, trade union membership, employment record, appearance or sexual orientation. Furthermore, the Company applies clear and fair promotion criteria.