Consolidated half-year report of the Auto Partner Group for the six months from January 1st to June 30th 2022

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This consolidated half-year report of the Auto Partner Group for the six months from January 1st to June 30th 2022 contains interim condensed consolidated financial statements of the Group. This document also contains the interim condensed financial statements of the parent in accordance with Section 62.3 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

I. Interim condensed consolidated financial statements

Interim consolidated statement of comprehensive income

	Note	for 3 months ended		for 6 months ended	
		June 30th 2022	June 30th 2021	June 30th 2022	June 30th 2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
STATEMENT OF PROFIT OR LOSS					
Revenue from contracts with customers	8	706,948	587,223	1,346,519	1,062,912
Cost of sales	9	(492,690)	(414,922)	(943,091)	(759,186)
Gross profit (loss)		**214,258**	**172,301**	**403,428**	**303,726**
Distribution costs and marketing expenses	9	(84,307)	(59,794)	(156,014)	(108,899)
Warehousing (logistics) costs	9	(44,800)	(34,274)	(88,556)	(61,605)
Management and administrative expenses	9	(14,512)	(8,412)	(22,832)	(14,331)
Other gains (losses), net	10	(477)	522	887	(14)
Other income		123	96	222	204
Other expenses		(347)	(1,046)	(597)	(1,125)
Operating profit (loss)		**69,938**	**69,393**	**136,538**	**117,956**
Finance income	11	79	908	140	958
Finance costs	12	(5,471)	(1,403)	(9,676)	(3,290)
Profit (loss) before tax		**64,546**	**68,898**	**127,002**	**115,624**
Income tax	13	(12,131)	(13,288)	(24,243)	(22,259)
Net profit (loss)		**52,415**	**55,610**	**102,759**	**93,365**
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations		47	27	(167)	(93)
Other comprehensive income that will be reclassified to profit or loss		**47**	**27**	**(167)**	**(93)**
Other comprehensive income, net		**47**	**27**	**(167)**	**(93)**
TOTAL COMPREHENSIVE INCOME		52,462	55,637	102,592	93,272
Net profit (loss) attributable to:					
Owners of the parent		52,415	55,610	102,759	93,365
Total comprehensive income attributable to:					
Owners of the parent		52,462	55,637	102,592	93,272
Earnings (loss) per share (PLN per share)					
From continuing operations:					
Basic		0.40	0.42	0.79	0.71
Diluted		0.40	0.42	0.79	0.71

Interim consolidated statement of financial position

	Note	As at June 30th 2022	As at December 31st 2021	As at June 30th 2021
		(unaudited)		(unaudited*)
ASSETS				
Non-current assets				
Intangible assets	15	23,520	20,561	14,564
Property, plant and equipment	14	196,231	169,337	143,482
Investments in other entities	16	110	110	110
Other long-term receivables	19	4,108	3,638	2,614
Other non-current financial assets	17	2	8	8
Deferred tax assets		990	1,048	863
Total non-current assets		224,961	194,702	161,641
Current assets				
Inventories	18.1	812,052	738,506	587,684
Right-of-return assets	18.2	15,520	10,859	15,471
Trade and other receivables	19	242,945	241,534	184,614
Other financial assets	17	3,588	12	8
Current tax assets	13	355	221	202
Cash and cash equivalents	30	43,001	16,936	32,401
Total current assets		1,117,461	1,008,068	820,380
Total assets		1,342,422	1,202,770	982,021
EQUITY AND LIABILITIES				
Equity				
Share capital issued	20	13,062	13,062	13,062
Share premium	20	106,299	106,299	106,299
Other capital reserves	20	1,251	1,418	1,718
Retained earnings	20	617,883	534,717	442,058
Equity attributable to owners of the parent		738,495	655,496	563,137
Total equity		738,495	655,496	563,137
Non-current liabilities				
Long-term borrowings	21	148,700	93,896	26,706
Lease liabilities	23	78,739	72,610	59,001
Employee benefit obligations and provisions	24	1,595	1,077	1,215
Deferred tax liability		4,920	12,550	4,903
Total non-current liabilities		233,954	180,133	91,825
Current liabilities				
Trade and other payables	22.1	145,535	94,878	130,345
Contract and right-of-return liabilities	22.2	22,290	15,593	20,554
Short-term borrowings	21	113,256	168,928	106,741
Lease liabilities	23	35,032	32,509	28,571
Current tax liability	13	19,246	23,724	16,236
Employee benefit obligations and provisions	24	27,867	21,663	21,448
Short-term provisions	25	6,747	9,846	3,164
Total current liabilities		369,973	367,141	327,059
Total liabilities		603,927	547,274	418,884
Total equity and liabilities		1,342,422	1,202,770	982,021

* presentation change, Note 3.2.

Interim consolidated statement of cash flows

indirect method	Note	for period ended June 30th 2022	June 30th 2021
		(unaudited)	(unaudited*)
Cash flows from operating activities			
Profit before tax		127,002	115,624
Adjustments:			
Depreciation and amortisation		15,318	12,535
Foreign exchange gains/losses		81	(1,068)
Adjustments for gains/losses on sale of non-current assets		46	236
Other adjustments with cash flows from financing or investing activities		(73)	(58)
Finance costs recognised in profit or loss		9,010	3,272
Other adjustments		-	(6)
Change in inventories		(73,546)	(106,243)
Change in right-of-return assets		(4,661)	(5,260)
Change in trade and other receivables		351	(55,652)
Change in trade and other payables		48,788	50,051
Change in contract and right-of-return liabilities		6,697	7,339
Change in employee benefit obligations and provisions		3,623	4,818
Cash from operating activities		132,636	25,588
Income tax paid		(36,425)	(8,603)
Net cash from operating activities		96,211	16,985
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(17,784)	(6,537)
Disposal of property, plant and equipment and intangible assets		33	132
Loans		(3,400)	(2,384)
Repayment of loans		14	2,410
Receipts from lease		5	5
Interest received		1	58
Receipts from forward contracts		-	-
Payments for forward contracts		-	-
Net cash from investing activities		(21,131)	(6,316)
Cash flows from financing activities			
Dividend paid		(19,593)	(13,062)
Borrowings received		-	30,643
Borrowings repaid		(135)	(20)
Payment of lease liabilities		(19,950)	(13,576)
Interest and commissions paid		(9,275)	(3,481)
Net cash from financing activities		(48,953)	504
Total net cash flows		26,127	11,173
Cash and cash equivalents at beginning of period		16,936	21,206
Effect of exchange rate movements on net cash in foreign currencies		(62)	22
Cash and cash equivalents at end of period	30	43,063	32,379

* presentation change, Note 3.2.

Interim consolidated statement of changes in equity

	Share capital issued	Capital from issue of warrants	Share premium	Retained earnings	Translation reserve	Total equity
As at December 31st 2020	13,062	2,103	106,299	361,755	(292)	482,927
Net profit for period				93,365		93,365
Other comprehensive income for period, net					(93)	(93)
Total comprehensive income				93,365	(93)	93,272
Dividend paid				(13,062)		(13,062)
Balance as at June 30th 2021 (unaudited)	13,062	2,103	106,299	442,058	(385)	563,137
As at December 31st 2020	13,062	2,103	106,299	361,755	(292)	482,927
Net profit for period				186,024		186,024
Other comprehensive income for period, net					(393)	(393)
Total comprehensive income				186,024	(393)	185,631
Dividend paid				(13,062)		(13,062)
As at December 31st 2021	13,062	2,103	106,299	534,717	(685)	655,496
Net profit for period				102,759		102,759
Other comprehensive income for period, net					(167)	(167)
Total comprehensive income				102,759	(167)	102,592
Dividend paid				(19,593)		(19,593)
Balance as at June 30th 2022 (unaudited)	13,062	2,103	106,299	617,883	(852)	738,495

In the reporting periods ended June 30th 2022 and December 31st 2021, there were no non-controlling interests.

Notes

1. General information

The Parent

Auto Partner S.A. with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, Poland, is registered with the National Court Register at the District Court for Katowice-Wschód, 8th Commercial Division of the National Court Register, entry No. KRS 0000291327.

The Company's principal business consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. The Company is an importer and distributor of parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and directives of the European Union.

The Company has been established for indefinite time. The Company's financial year is the same as the calendar year.

As at the date of authorisation of these financial statements for issue, the Management Board was composed of:

Aleksander Górecki – President of the Management Board,
Andrzej Manowski – Vice President of the Management Board,
Piotr Janta – Vice President of the Management Board.

As at the date of authorisation of the financial statements for issue, the Supervisory Board was composed of:

Jarosław Plisz – Chairman of the Supervisory Board,
Bogumił Woźny – Deputy Chairman of the Supervisory Board,
Andrzej Urban – Member of the Supervisory Board,
Bogumił Kamiński – Member of the Supervisory Board,
Mateusz Melich – Member of the Supervisory Board.

Commercial proxy: Grzegorz Lenda – joint commercial proxy.

Qualified Auditor: PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., with its registered office at ul. Polna 11, Warsaw.

Listing venue: Auto Partner S.A. shares are listed on the Warsaw Stock Exchange in the continuous trading system.

Share capital structure: as at June 30th 2022 the structure of the Company's share capital was as follows:

The share capital consists of:	number of shares	par value per share	amount of share capital
Series A ordinary bearer shares	1,000	PLN 0.10	PLN 100.00
Series B ordinary bearer shares	111,110	PLN 0.10	PLN 11,111.00
Series C ordinary bearer shares	160,386	PLN 0.10	PLN 16,038.60
Series D ordinary bearer shares	48,319,769	PLN 0.10	PLN 4,831,976.90
Series E ordinary bearer shares	39,964,295	PLN 0.10	PLN 3,996,429.50
Series F ordinary bearer shares	4,444,440	PLN 0.10	PLN 444,444.00
Series G ordinary bearer shares	999,000	PLN 0.10	PLN 99,900.00
Series H ordinary bearer shares	23,000,000	PLN 0.10	PLN 2,300,000.00
Series I ordinary bearer shares	2,070,000	PLN 0.10	PLN 207,000.00
Series J ordinary bearer shares	11,550,000	PLN 0.10	PLN 1,155,000.00
Total	130,620,000		PLN 13,062,000.00

<u>The Group</u>

As at the reporting date, the Auto Partner Group comprised Auto Partner S.A. as the parent and four subsidiaries consolidated with the full method.

All the companies comprising in the Group have been established for indefinite time. Financial statements of all subsidiaries have been prepared for the same period as the parent's financial statements, in accordance with consistently applied uniform accounting policies.

The financial year of the parent and the Group companies is the same as the calendar year.

The Group's principal business activity consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. The Group is an importer and distributor of parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and directives of the European Union.

In the reporting period, the Group was comprised of the following fully consolidated subsidiaries:

Entity	Principal business	Registered office	% ownership interest	
			As at June 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	sale of spare parts and accessories for motor vehicles	Bieruń, Poland	100%*	100%*
Maxgear Sp. z o.o.	sale of spare parts and accessories for motor vehicles	Poland, Tychy	100%	100%

AP Auto Partner CZ, s.r.o.	sale of spare parts and accessories for motor vehicles	Prague, Czech Republic	100%	100%
AP Auto Partner RO, s.r.l.	sale of spare parts and accessories for motor vehicles	Romania, Bucharest	100%	100%

* 99% of the voting rights are held by Auto Partner S.A. as a limited partner; 1% of the voting rights are held by the general partner, in which Auto Partner S.A. holds 100% of the voting rights.

2. Statement of compliance and basis of preparation

These unaudited interim condensed consolidated financial statements ("financial statements") of the Group for the six months from January 1st 2022 to June 30th 2022 and for the corresponding period of the previous year have been prepared in accordance with IAS 34 Interim Financial Reporting and all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at June 30th 2022.

The accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with the policies applied in the preparation of the full-year consolidated financial statements for the financial year ended December 31st 2021.

These interim condensed consolidated financial statements should be read in conjunction with the audited full-year consolidated financial statements for the year ended December 31st 2021 prepared in accordance with IFRS.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of authorisation of these financial statements, there were no circumstances indicating any threat to the Group's ability to continue as a going concern.

All amounts in these interim condensed consolidated financial statements are presented in PLN thousands, unless indicated otherwise.

3. Change of accounting policies and presentation

3.1. Changes in accounting policies

In the reporting period, the Group did not make any changes in its accounting policies.

3.2. Presentation changes

In the presented period, the Group did not make any presentation changes. A presentation change was made in the comparative period, that is for the first half of 2021. In order to present the Group's financial position in a reliable and faithful manner the Management Board of the Group changed the presentation of provisions for warranty repairs, which were previously presented in the statement of financial position under short-term provisions as the difference between the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints and the estimated cost of warranty complaints. After the change, the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints is presented in other financial receivables, while the estimated cost of warranty complaints is included in short-term provisions.

Below is presented the effect of the presentation change in the statement of financial position and in the statement of cash flows for the period ended June 30th 2021.

Interim consolidated statement of financial position	As at June 30th 2021	change	As at June 30th 2021
	before		after
Trade and other receivables	183,015	1,599	184,614
Total current assets	818,781	1,599	820,380
Total assets	980,422	1,599	982,021

Short-term provisions	1,565	1,599	3,164
Total current liabilities	325,460	1,599	327,059
Total liabilities	417,285	1,599	418,884
Total equity and liabilities	980,422	1,599	982,021

Interim consolidated statement of cash flows	Period ended June 30th 2021	change	Period ended June 30th 2021
	before		after
Change in trade and other receivables	(54,053)	(1,599)	(55,652)
Change in employee benefit obligations and provisions	3,219	1,599	4,818
Cash from operating activities	25,588	-	25,588
Net cash from operating activities	16,985	-	16,985

4. Amendments to standards and interpretations

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU have been applied for the first time in 2022:

Amendments to IFRS 3 *Business Combinations*
The amendments to the standard issued in May 2020 are intended to update the relevant references to the Conceptual Framework in IFRS without introducing any substantive changes to accounting for business combinations.

Amendments to IAS 16 *Property, Plant and Equipment*
The amendment to IAS 16 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
The amendments to IAS 37 clarify what costs an entity considers in assessing whether a contract is onerous.

Annual Improvements to IFRSs 2018–2020 Cycle
Annual Improvements to IFRSs 2018–2020 Cycle amend the following standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, and illustrative examples for IFRS 16 *Leases*. The amendments explain and clarify the guidance on recognition and measurement provided in the standards.

The amendments listed above have not had a material effect on the financial statements.

Issued standards and interpretations which are not yet effective and have not been adopted by the Group early:

IFRS 17 *Insurance Contracts* and amendments to IFRS 17
IFRS 17 *Insurance Contracts* was issued by the International Accounting Standards Board on May 18th 2017, and amendments to IFRS 17 were issued on June 25th 2020. The amended standard is effective for annual periods beginning on or after January 1st 2023. IFRS 17 *Insurance Contracts* will replace existing IFRS 4, which provides for diverse practices in accounting for insurance contracts. IFRS 17 will substantially change the accounting practices of all entities that deal with insurance contracts and investment agreements.

Amendment to IAS 1 *Presentation of Financial Statements* and the IASB Practice Statement on Disclosure of Accounting Policies
The amendment to IAS 1 requires entities to disclose their material accounting policy information, which is defined in the Standard. It clarifies that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. In addition, the IASB's guidance was amended with respect to the application of the materiality concept in practice, to provide guidance on the application of the materiality concept to accounting policy disclosures. The amendment applies from January 1st 2023.

Amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
In February 2021, the IASB issued an amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as regards the definition of accounting estimates. The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The amendment applies from January 1st 2023.

Amendments to IAS 12 *Income Taxes*
The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to the amendments, it was not clear whether the initial recognition exception applied to such transactions, i.e., transactions that lead to the recognition of both deferred tax assets and liabilities. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that at the time of initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for financial statements for periods beginning on or after January 1st 2023. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendments to IAS 1 *Presentation of Financial Statements*
The IASB has published amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments are effective for financial statements for periods beginning on or after January 1st 2023. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendment to IFRS 17 *Insurance Contracts*
The amendment relates to transition requirements following the initial application of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. The purpose of the amendment is to ensure the usefulness of financial information for investors during the period of initial application of the new standard by introducing certain expedients with respect to the presentation of comparative data. The amendment relates to the application of the new standard by insurers only – it does not affect any other requirements of IFRS 17. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

5. Significant assessments and estimates

The preparation of financial statements in accordance with IFRS requires the Management Board of the Group to use judgements and estimates which affect the applied accounting policies and the amounts of reported assets, liabilities, income and expenses. Judgements and estimates are reviewed on an ongoing basis. A change in estimates is recognised in profit or loss for the period in which the change occurred. During the reporting period, there were no material changes in judgements and estimates.

6. Seasonality

The sale of spare parts and accessories, which constitutes the principal business activity of the Group, is subject to seasonal fluctuations during the year. The highest sale volumes are recorded in the spring season (March to April/May) and in autumn (October and November), and additionally during summer months, while being relatively the lowest in winter. The seasonality of sales is reflected in higher demand for merchandise, which results in a seasonal increase in purchases of merchandise and the amount of related trade payables before the high seasons, especially spring.

7. Functional and reporting currency

These consolidated financial statements have been prepared in the Polish złoty (PLN). The Polish złoty is the functional currency of the parent and the reporting currency adopted for these consolidated financial statements. The data contained in these financial statements is presented in thousands of złoty, unless more accurate information is provided in specific cases.

The functional currencies of the foreign subsidiaries are the Czech koruna (CZK) and the Romanian leu (RON). The following policies have been applied to translate financial data for the purpose of consolidating the financial statements of foreign subsidiaries:

items of the statement of financial position have been translated at the mid rates quoted by the National Bank of Poland at the end of the reporting period:

NBP mid rate at end of reporting period	June 30th 2022	December 31st 2021
CZK	0.1892	0.1850
RON	0.9466	0.9293

items of the statement of comprehensive income have been translated at the average of exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period:

NBP mid rate in reporting period	6 months 2022	6 months 2021
CZK	0.1884	0.1758
RON	0.9385	0.9264

Exchange differences on translation of foreign operations are recognised in other comprehensive income and as translation reserve in equity.

8. Revenue from contracts with customers

The principal business of the Group is the sale of spare parts and accessories for motor vehicles, therefore the Management Board does not identify separate reportable segments for the purposes of managing the Group's business. The Group does not have key customers and sales to none of the Group's customers exceed 10% of total sales.

	Period ended June 30th 2022	Period ended June 30th 2021
Revenue from sale of merchandise	1,345,211	1,061,909
including:		
Sales of merchandise – Poland	*669,776*	*580,631*
Sales of merchandise – EU	*666,385*	*474,461*
Sales of merchandise – other exports	*9,050*	*6,817*
Revenue from rendering of services	1,308	1,003
including:		
Sales of services – Poland	*400*	*323*
Sales of services – EU	*908*	*680*
Total revenue from contracts with customers	1,346,519	1,062,912

9. Costs by nature and function of expense

	Period ended June 30th 2022	Period ended June 30th 2021
Depreciation and amortisation	(15,318)	(12,535)
Raw materials and consumables used	(14,636)	(9,040)
Services	(140,845)	(95,088)
Taxes and charges	(1,669)	(1,153)
Employee benefits expense*	(90,421)	(62,618)
Other costs by nature of expense	(4,511)	(4,401)
Merchandise and materials sold	(943,093)	(759,186)
Total costs by nature of expense	(1,210,493)	(944,021)
Cost of sales	(943,091)	(759,186)
Distribution costs and marketing expenses	(156,014)	(108,899)
Warehousing (logistics) costs	(88,556)	(61,605)
Management and administrative expenses	(22,832)	(14,331)
Total costs by function of expense	(1,210,493)	(944,021)

* On February 26th 2021, the Company filed an application with the Provincial Labour Office in Katowice for grant to subsidise remuneration for employees not covered by any economic downtime or reduced amount of working time, due to the decline in turnover caused by the COVID-19 pandemic. The application was submitted pursuant to Art. 15gg of the Act on special arrangements to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz. U. of 2020s, item 374, as amended). Amount requested: PLN 11,240,302.08, including: grant for social security contributions: PLN 1,648,794.12, grant for employee remuneration: PLN 9,591,507.96. On March 16th 2021, the Company's bank account was credited with the amount of PLN 7,493,534.72 under the first and second tranches of the grant. On April 16th 2021 the Company received one more tranche of the grant, in the amount of PLN 3,746,767.36, as per the application. In accordance with the application, the grants were used to pay employee remuneration and social security contributions for February, March and April 2021. Following full settlement of the application, the final amount of the grant totalled PLN 8,855,188.20, with PLN 2,385,113.88 returned by the Company to the bank account of the Provincial Labour Office in Katowice.

Below is presented the effect of the grants received as at June 30th 2021:

	Period ended June 30th 2021	grant amount	Period ended June 30th 2021
	excluding grants		including grants
Depreciation and amortisation	(12,535)	-	(12,535)
Raw materials and consumables used	(9,040)	-	(9,040)
Services	(95,088)	-	(95,088)
Taxes and charges	(1,153)	-	(1,153)
Employee benefits expense*	(71,473)	8,855	(62,618)
Other costs by nature of expense	(4,401)	-	(4,401)
Merchandise and materials sold	(759,186)	-	(759,186)
Total costs by nature of expense	(952,876)	8,855	(944,021)
Cost of sales	(759,186)	-	(759,186)
Distribution costs and marketing expenses	(112,551)	3,652	(108,899)
Warehousing (logistics) costs	(66,338)	4,733	(61,605)
Management and administrative expenses	(14,801)	470	(14,331)
Total costs by function of expense	(952,876)	8,855	(944,021)

10. Other net gains (losses)

	Period ended June 30th 2022	Period ended June 30th 2021
Foreign exchange gains or losses on operating activities – unrealised	1,686	266
Foreign exchange gains or losses on operating activities – realised	(279)	547
Gains/losses on impairment of receivables	(626)	(704)
Other	106	(123)
Other gains (losses) net	887	(14)

11. Finance income

	Period ended June 30th 2022	Period ended June 30th 2021
Gains on realised currency forward contracts measured at fair value through profit or loss	-	-
Foreign exchange gains (losses) on financing activities	-	855
Interest on loans	73	46
Interest on trade receivables	53	56
Other finance income	14	1
Total finance income	140	958

12. Finance costs

	Period ended June 30th 2022	Period ended June 30th 2021
Interest expense:		
Interest on term and overdraft facilities	(6,141)	(642)
Interest on non-bank borrowings from related entities	(668)	(668)
Interest on lease liabilities (other leases)	(1,325)	(868)
Interest on lease liabilities (office and warehouse space leases)	(548)	(527)
Interest on factoring liabilities	-	-
Other interest expense	(12)	(11)
	(8,694)	(2,716)
Other finance costs:		
Losses on realised currency forward contracts measured at fair value through profit or loss	-	-
Foreign exchange gains (losses) on financing activities	(563)	-
Credit commissions and fees	(346)	(525)
Factoring commissions and fees	(35)	(40)
Other finance costs	(38)	(9)
	(982)	(574)
Total finance costs	(9,676)	(3,290)

13. Income tax

	Period ended June 30th 2022	Period ended June 30th 2021
Profit before tax	127,002	115,624
Income tax at 19%	(24,130)	(21,969)
Permanent differences	(113)	(290)
Total income tax disclosed in the statement of comprehensive income	(24,243)	(22,259)
including:		
Current income tax:		
For current year	(31,746)	(23,224)
For previous years	(68)	-
	(31,814)	(23,224)
Deferred income tax:		
For current year	7,571	965
	7,571	965
	(24,243)	(22,259)

Profit before tax	127,002	115,624
Income tax	24,243	22,259
Effective tax rate	19.09%	19.25%

Current tax assets and liabilities

	As at June 30th 2022	As at December 31st 2021
Current tax assets	355	221
Current tax liability	19,246	23,724

14. Property, plant and equipment

–	As at June 30th 2022	As at December 31st 2021
Buildings and structures	50,750	48,802
Machinery and equipment	58,532	45,440
Vehicles	13,006	11,649
Other	44,269	42,246
Property, plant and equipment under construction	29,674	21,200
Total carrying amount of property, plant and equipment	196,231	169,337

In the statement of financial position, the Group presents right-of-use assets (lease contracts) in the same line item as the assets owned by the Group. Such assets and the related depreciation expense are presented below.

–	As at June 30th 2022	As at December 31st 2021
Buildings and structures	48,058	46,065
Machinery and equipment	38,107	28,921
Vehicles	8,547	7,464
Other	24,592	25,208
Property, plant and equipment under construction (i)	168	17,995
Total carrying amount of property, plant and equipment under right-of-use arrangements	119,472	125,653

–	Period ended June 30th 2022	Period ended June 30th 2021
Buildings and structures	6,907	5,787
Machinery and equipment	2,582	2,218
Vehicles	559	559
Other	680	576
Total depreciation of property, plant and equipment under right-of-use arrangements	10,728	9,140

Right-of-use assets are mainly contracts for lease of cars, storage racks, internal transport and handling systems, as well as office space and hardware rental contracts. Items of property, plant and equipment disclosed as used under lease contracts are secured with lessors' rights to leased assets. For information on lease liabilities, see Note 23.

As at June 30th 2022, the net carrying amount of property, plant and equipment financed with a borrowing (Note 21) was PLN 9 thousand (December 31st 2021: PLN 16 thousand), and was secured with the lender's rights.

(i) Leased property, plant and equipment under construction include lease contract assets not yet commissioned at end of period.

Movements in property, plant and equipment	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at December 31st 2020	68,142	56,394	18,777	46,710	5,429	195,452
Increase						
Purchase	938	5,337	368	2,620	2,697	11,960
Accounting for property, plant and equipment under construction – purchase	-	1,076	-	321	(1,397)	-

Leases	15,172	7,180	3,054	6,824	17,995	50,225
Accounting for property, plant and equipment under construction – leases	-	3,524	-	-	(3,524)	-
Other	-	9	-	(3)	-	6
Decrease						
Disposal	-	(243)	(674)	(374)	-	(1,291)
Retirement	-	(21)	(110)	(45)	-	(176)
Other	1	-	15	(2)	-	14
Gross carrying amount as at December 31st 2021	84,253	73,256	21,430	56,051	21,200	256,190
Increase						
Purchase	168	4,373	106	1,524	8,907	15,078
Accounting for property, plant and equipment under construction – purchase	17	134	-	450	(601)	-
Leases	8,904	12,933	2,235	1,680	-	25,752
Accounting for property, plant and equipment under construction – leases	-	-	-	-	168	168
Other	(1)	1	(17)	-	-	(17)
Decrease						
Disposal	-	(23)	(233)	(69)	-	(325)
Retirement	-	-	(60)	-	-	(60)
Other	(3)	(70)	-	(3)	-	(76)
Gross carrying amount as at June 30th 2022	93,338	90,604	23,461	59,633	29,674	296,710
Accumulated depreciation as at December 31st 2020	22,889	20,613	8,490	11,203	-	63,195
Depreciation in period	12,562	7,359	1,700	2,743	-	24,364
Disposal	-	(156)	(463)	(141)	-	(760)
Retirement	-	-	(33)	-	-	(33)
Other	-	-	87	-	-	87
Accumulated depreciation as at December 31st 2021	35,451	27,816	9,781	13,805	-	86,853
Depreciation in period	7,137	4,275	934	1,614	-	13,960
Disposal	-	(19)	(186)	(55)	-	(260)
Retirement	-	-	(51)	-	-	(51)
Other	-	-	(23)	-	-	(23)
Accumulated depreciation as at June 30th 2022	42,588	32,072	10,455	15,364	-	100,479
Net carrying amount as at December 31st 2021	48,802	45,440	11,649	42,246	21,200	169,337
Net carrying amount as at June 30th 2022	50,750	58,532	13,006	44,269	29,674	196,231

15. Intangible assets

-	As at June 30th 2022	As at December 31st 2021
Software	15,336	10,132
Intangible assets under development	8,184	10,429
Total carrying amount of intangible assets	23,520	20,561

In the statement of financial position, the Group discloses right-of-use intangible assets (lease contracts) under the same item as intangible assets owned by the Group. The intangible assets and the related amortisation expense are presented below.

–	As at June 30th 2022	As at December 31st 2021
Software	3,554	3,681
Total carrying amount of right-of-use intangible assets	3,554	3,681

–	Period ended June 30th 2022	Period ended June 30th 2021
Software	254	87
Total amortisation of right-of-use intangible assets	254	87

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at December 31st 2020	20,335	336	5,591	26,262
Increase				
Purchase	546	-	6,137	6,683
Accounting for intangible assets under development – purchase	1,042	-	(1,042)	-
Leases	3,222	-	-	3,222
Accounting for intangible assets under development – leases	-	-	-	-
Other	-	-	(257)	(257)
Decrease				
Other	-	7	-	7
Gross carrying amount as at December 31st 2021	25,145	343	10,429	35,917
Increase				
Purchase	2,156	-	2,165	4,321
Accounting for intangible assets under development – purchase	4,410	-	(4,410)	-
Leases	-	-	-	-
Accounting for intangible assets under development – leases	-	-	-	-
Other	-	-	-	-
Decrease				
Other	(4)	-	-	(4)
Gross carrying amount as at June 30th 2022	31,707	343	8,184	40,234
Accumulated amortisation as at December 31st 2020	13,200	336	-	13,536
Amortisation in period	1,813	-	-	1,813
Other	-	7	-	7
Accumulated amortisation as at December 31st 2021	15,013	343	-	15,356
Amortisation in period	1,358	-	-	1,358
Other	-	-	-	-
Accumulated amortisation as at June 30th 2022	16,371	343	-	16,714
Net carrying amount as at December 31st 2021	10,132	-	10,429	20,561
Net carrying amount as at June 30th 2022	15,336	-	8,184	23,520

16. Investments in other entities

	As at June 30th 2022	As at December 31st 2021
Shares in other entities	110	110
Total	110	110

17. Other financial assets

	As at June 30th 2022	As at December 31st 2021
Loans measured at amortised cost		
Loans to other entities	3,590	20
Total	3,590	20
Long-term	2	8
Short-term	3,588	12
Total	3,590	20

On January 11th 2022, the Issuer entered into an agreement with Global One Automotive GmbH of Frankfurt whereby it advanced a EUR 750 thousand loan to Global One. The loan bears interest at 4.5%. The agreement was concluded for a definite term until June 30th 2022. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017). The loan, including interest, was repaid on July 7th 2022.

There were no financial assets measured at fair value through profit or loss.

18. Inventories and right-of-return assets

18.1 Inventories

	As at June 30th 2022	As at December 31st 2021
Merchandise	822,307	748,956
Write-downs	(10,255)	(10,450)
Total	812,052	738,506

Merchandise is stored at central and subsidiary warehouses and is insured against theft, burglary and robbery, as well as fire and other natural calamities.

Change in inventory write-downs

	Period ended June 30th 2022	Period ended June 30th 2021
At beginning of period	10,450	7,517
Decrease	(1,555)	(1,285)
Increase	1,360	1,869
As at end of period	10,255	8,101

The cost of inventory write-downs comprises write-downs of inventories to their net realisable value as well as write-downs for goods that are of inferior quality or damaged.

Inventories pledged as security

The Group created a registered pledge over inventories as security for bank borrowings; for details, see Note 21. The amount of liabilities secured with the pledge is presented below.

-	As at June 30th 2022	As at December 31st 2021
Liabilities secured with pledge on inventories	234,580	234,773

Under purchase contracts concluded with certain suppliers, the supplied goods are deemed to become the property of the Group upon payment of the full purchase price. In the opinion of the Management Board of the Group, all significant risks incidental to the purchased goods are transferred upon delivery of the goods and therefore the purchase is recognised at the time of receipt of the delivery, while the reservation of transfer of ownership by the seller serves as a security for the Group's trade payables.

Recognised inventory cost

-	Period ended June 30th 2022	Period ended June 30th 2021
Cost of sales	(943,091)	(759,186)
Distribution costs	(2,451)	(2,213)
Total inventory cost recognised	(945,542)	(761,399)

Distribution costs comprise mainly the cost of warranty replacement of goods.

18.2 Right-of-return assets

	As at June 30th 2022	As at December 31st 2021
Right-of-return assets	15,520	10,859

Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Group estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period’s turnover. An asset is created in connection with the recognition of an estimated decrease in the cost of merchandise sold relating to the estimated right to return merchandise.

19. Trade and other receivables

	As at June 30th 2022	As at December 31st 2021
Trade receivables payable up to 12 months	199,806	184,042
Trade receivables payable in more than 12 months	1,920	1,524
Impairment losses on trade receivables	(7,604)	(6,561)
Total trade receivables	194,122	179,005
Income receivable from participation in Global One purchasing group (i)	10,946	21,766
Impairment loss on income receivable from participation in the Global One purchasing group (i)	(328)	(648)
Finance lease receivables	-	5

Receivables from card system operators	1,748	1,179
Rent deposits receivable (ii)	1,888	1,762
Other financial receivables	4,998	4,883
Impairment losses on other receivables	(871)	(902)
Total trade and other financial receivables	212,503	207,050
Prepaid deliveries	12,541	13,522
Receivables on sale of property, plant and equipment	-	8
Prepayments and accrued income	6,205	5,362
VAT tax to be settled in future periods/refunded to bank account	15,309	18,991
Other non-financial receivables	495	239
Total non-financial receivables	34,550	38,122
Total trade and other receivables	247,053	245,172
Other long-term receivables	4,108	3,638
Trade and other receivables	242,945	241,534
Total trade and other receivables	247,053	245,172

(i) Income receivable from participation in the Global One Automotive GmbH purchasing group is the amount of additional discounts on purchases made in a given financial year. An impairment loss was recognised on receivables not past due as coverage of impairment risk.

(ii) The Group paid security deposits pursuant to the terms of property lease contracts. The deposits serve as security for payment of liabilities under the contracts, as well as liquidated damages or compensation, if any.

The amount of credit loss allowance by the past due date groups of receivables is presented below.

	As at June 30th 2022	As at December 31st 2021
not past due	403	259
past due 1-30 days	40	38
past due 31-90 days	93	76
past due 91-120 days	95	152
past due 121-180 days	133	273
past due 181-360 days	815	346
over 360 days	6,025	5,417
Total impairment losses on trade receivables	7,604	6,561

The change in the amount of the credit loss allowances for other receivables is presented below.

	Period ended June 30th 2022	Period ended June 30th 2021
At beginning of period	902	882
Increase	-	-
Decrease	(31)	(44)
As at end of period	871	838

<u>Trade and other receivables pledged as security</u>

Trade receivables are pledged as security for credit facilities; for details, see Note 21. The amount of receivables pledged as security in the reporting periods is presented below.

	As at June 30th 2022	As at December 31st 2021
Receivables pledged as security	96,077	72,937

20. Equity

Auto Partner S.A. shares are listed on the Warsaw Stock Exchange in the continuous trading system.

	As at June 30th 2022	As at December 31st 2021
Fully paid-up share capital	13,062	13,062
Series A ordinary bearer shares	1	1
Series B ordinary bearer shares	111	111
Series C ordinary bearer shares	160	160
Series D ordinary bearer shares	48,320	48,320
Series E ordinary bearer shares	39,964	39,964
Series F ordinary bearer shares	4,444	4,444
Series G ordinary bearer shares	1,000	1,000
Series H ordinary bearer shares	23,000	23,000
Series I ordinary bearer shares	2,070	2,070
Series J ordinary bearer shares	11,550	11,550
Total (thousands of shares)	130,620	130,620
Par value per share (PLN)	0.10	0.10
Total par value	13,062	13,062

	As at June 30th 2022	As at December 31st 2021
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Capital from issue of warrants	2,103	2,103
Translation reserve	(852)	(685)
Reserve funds from distribution of profit	515,124	348,693
Undistributed profit (loss)	102,759	186,024
Total equity	738,495	655,496

21. Borrowings

	As at June 30th 2022	As at December 31st 2021
Unsecured – at amortised cost		
Borrowings from related entities	27,368	28,035
	27,368	28,035
Secured – at amortised cost		
Overdraft facilities	87,330	167,577
Bank borrowings	147,250	67,196
Other borrowings	8	16
	234,588	234,789

Total borrowings	261,956	262,824
Current liabilities (viii)	113,256	168,928
Non-current liabilities	148,700	93,896
Total borrowings	261,956	262,824

Credit facility agreements and non-bank borrowings:

	As at June 30th 2022	As at December 31st 2021
floating interest rate:		
ING Bank Śląski S.A./working capital facility under multi-product facility agreement/sub-limit facility within multi-product facility limit (i)	69,223	77,300
ING Bank Śląski S.A./working capital facility /sub-limit facility within multi-product facility limit (i)	97,113	67,196
Santander Bank Polska S.A./working capital facility (ii)	-	20,220
Santander Bank Polska S.A./working capital facility (ii)	25,000	-
mBank S.A./working capital facility (iii)	-	50,089
BNB Paribas Bank Polska S.A./working capital facility (vi)	18,107	19,968
BNB Paribas Bank Polska S.A./working capital facility (vii)	25,137	-
UniCredit Leasing a.s./loans to finance purchase of property, plant and equipment (v)	8	16
fixed interest rate:		
Shareholder loan agreement (iv)	27,368	28,035
Total	261,956	262,824

(i) Credit facility agreement – ING Bank Śląski S.A.

On October 19th 2015, the parent and ING Bank Śląski signed multi-facility agreement No. 882/2015/00000925/00, as amended. Maxgear Sp. z o.o. Sp.kom., a subsidiary, acceded to the agreement as joint and several debtor. The joint and several debtor agreed to pay all liabilities arising from the agreement. The amount of the credit limit is PLN 177,000 thousand, repayable by October 10th 2024. Within this limit, a sub-limit of PLN 40,000,000.00 was provided to the subsidiary. Security: (a) registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) of up to PLN 270m, (b) registered pledge over inventories of merchandise (spare car parts) owned by Auto Partner S.A., located at ul. Ekonomiczna 20, in Bieruń, Poland, of up to PLN 270m, (c) assignment of rights under the insurance policy covering the pledged inventories, (d) declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 270m, (e) declaration on voluntary submission to enforcement by Maxgear Sp. z o.o. Sp. z o.o. under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 270m, (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700,000.00.

(ii) Credit facility agreement – Santander Bank Polska S.A.

On September 26th 2016, the parent and Bank Zachodni WBK S.A. signed multi-facility agreement No. K00922/16, as amended. The multi-facility amount is PLN 65,000,000.00 (through the addition of a new revolving credit facility sub-limit of PLN 25,000,000 to finance day-to-day operations), repayable by March 31st 2023. The facility is secured with: a) registered pledge over all inventories of merchandise stored at the warehouses specified in the pledge agreement or other locations approved by the Bank, with a minimum value of PLN 97,500,000.00; b) assignment of receivables to the Bank under the insurance policy covering the pledged assets; c) subordination of claims under a loan provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000,000.00; d) registered pledge over trade receivables from trading partners, as per the list attached as an appendix to the pledge agreement, with a minimum amount of PLN 12,000,000.00; e) declaration on voluntary submission to enforcement of the Bank's claims arising under the agreement, made under Art. 777.1 of the Code of Civil Procedure, to be submitted to the Bank.

(iii) Credit facility – mBank S.A.

On October 22nd 2019, the Company and mBank S.A. signed an overdraft facility agreement No. 11/145/19/Z/VV, as amended. The amount of the facility is PLN 50,000,000.00, repayable by September 30th 2022. The credit facility is secured with: (a) a registered pledge over inventories of merchandise with a value of PLN 75m, (b) assignment of rights under an inventory insurance contract for the pledged inventories, (c) declaration on submission to enforcement by the Company under Art. 777.1.5 of the Code of Civil Procedure, up to PLN 75m, (d) subordination of claims under the loans provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000,000.00.

<u>(iv) Shareholder loan agreement</u>

On January 2nd 2014, the parent, Aleksander Górecki and Katarzyna Górecka signed a loan agreement, as amended, with the loan repayable by January 2nd 2024. The borrowing is not secured and bears interest at the rate of 5% per annum. The outstanding principal amount is PLN 26,700,000.00. The carrying amount of the loan as at June 30th 2022 included interest of PLN 668 thousand accrued for the period from January 1st 2022 to June 30th 2022.

<u>(v) Agreements for financing of property, plant and equipment – UniCredit Leasing a.s.</u>

On June 21st 2019, agreement (No. 1132304215) was signed to finance property, plant and equipment, for a total amount of CZK 149,479.00, with the lease term of 48 months. The financing is secured with the lessor's security interest in the leased assets.

<u>(vi) Credit facility agreement – BNP Paribas Bank Polska S.A.</u>

On September 13th 2021, a multi-purpose facility agreement (subsequently amended) was signed with BNP Paribas Bank Polska S.A. of Warsaw. The Company was granted a multi-purpose facility, including an overdraft facility of up to PLN 30,000,000, to finance the day-to-day operations of Auto Partner S.A., repayable by September 12th 2023. Under the facility, a sub-limit of PLN 30,000,000 was provided to Maxgear Sp. z o.o. Sp.k. Collateral: 1) declaration by Auto Partner S.A. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 45,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 12th 2034; 2) declaration by Maxgear Sp. z o.o. Sp. kom. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 30,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; 3) registered pledge with the maximum security amount of PLN 45,000,000.00 over inventories of merchandise held by Auto Partner S.A. in its own and leased locations (not encumbered in favour of another pledgee), in accordance with a separate pledge agreement, with a total value of not less than PLN 36,000,000.00. Until the pledge is created, security in the form of assignment in favour of the Bank of the assets subject to the future pledge will remain in effect; 4) assignment of rights under an insurance policy in favour of the Bank in respect of the pledged assets, with the proviso that the sum insured may not be less than PLN 30,000,000.00; 5) agreement on subordination of the loan provided by Aleksander Górecki and Katarzyna Górecka under an agreement of January 2nd 2014 of up to PLN 26,000,000.00 to the facility.

<u>(vii) Credit facility agreement – BNP Paribas Bank Polska S.A.</u>

On January 24th 2022, the Company executed a revolving credit facility agreement with BNP Paribas Bank Polska S.A. of Warsaw. Under the agreement, a credit facility of PLN 25,000,000.00 (twenty-five million złoty) was advanced to finance the Company day-to-day operations, repayable by September 12th 2023. The credit facility is secured with: 1) a registered pledge with the maximum security amount of PLN 37,500,000.00 over inventories of the borrower's merchandise held at the borrower's branches, 2) the borrower's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of the contractual payment obligations, for up to PLN 37,500,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for January 30th 2023, 3) assignment of rights under an insurance contract for the pledged inventories in favour of the Bank, with the proviso that the sum insured may not be less than PLN 25,000,000.00, 4) an agreement on subordination of claims under the loans provided to the borrower by Katarzyna Górecka and Aleksander Górecki to the credit facility.

(viii) The Group discloses all overdraft facilities as current liabilities, regardless of the contract facility term.

22. Trade and other payables

22.1 Trade and other payables

	As at June 30th 2022	As at December 31st 2021

Trade payables due in up to 12 months	136,665	90,431
Taxes, customs duties, social security and other benefits payable	5,153	2,764
Liabilities arising from acquisition of property, plant and equipment and intangible assets	3,072	1,458
Other liabilities	645	225
	145,535	94,878
Non-current liabilities	-	-
Current liabilities	145,535	94,878
Total	145,535	94,878

The average payment period is 30-40 days. The Group operates a financial risk management policy that ensures timely payment of liabilities.

22.2 Contract and right-of-return liabilities

	As at June 30th 2022	As at December 31st 2021
Contract liabilities	682	413
Right-of-return liabilities (i)	21,608	15,180
Total	22,290	15,593

(i) Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Group estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period’s turnover. Contract liabilities are liabilities under contracts with customers.

23. Financial liabilities under lease contracts

Finance liabilities under lease contracts relate mainly to leases of property, plant and equipment (rent/lease of property, warehouse facilities, equipment, hardware and vehicles).

Present value of lease liabilities	As at June 30th 2022	As at December 31st 2021
Current lease liabilities	35,032	32,509
Non-current lease liabilities	78,739	72,610
Total	113,771	105,119

IFRS 16 provides for exceptions to the lessee's general lease model for short-term leases and leases of low-value assets. In such cases, the Group does not recognise any right-of-use assets or lease liabilities. Provided below are the amounts expensed:

	Period ended June 30th 2022	Period ended June 30th 2021
Cost of short-term leases (i)	5,015	4,008
Cost of leases not disclosed due to the low value of underlying assets (ii)	742	377
Total	5,757	4,385

(i) The Group applies a practical expedient to short-term leases in the case of property lease contracts made for an indefinite period which may be terminated on a short notice, that is up to 12 months, which do not involve any special space adaptation or material barriers to exit, i.e., penalties for early termination of the contract, and the Group has the practical ability to lease such space on the market. Costs of some of the lease contracts are also re-charged to the cooperating affiliates.

(ii) The Group applies a practical expedient to leases of low-value assets, mainly small office and other equipment, such as printers, payment terminals, waste containers, etc.

For disclosures relating to depreciation of property, plant and equipment and amortisation of right-of-use intangible assets, see Notes 14 and 15. For information on the amount of interest, see Note 12.

24. Employee benefit obligations and provisions

	As at June 30th 2022	As at December 31st 2021
Salaries and wages payable	8,838	7,465
Social security and Employee Capital Plan obligations	8,895	7,318
Provision for accrued holiday entitlements (iii)	5,488	3,368
Provision for retirement and disability benefit obligations (iii)	453	609
Provision for obligations under the Incentive Scheme for 2021 (ii)	-	2,160
Provision for obligations under the Incentive Scheme for 2022 (iv)	5,250	-
Obligation under the Incentive Scheme for 2020 (i)	538	1,613
Obligation under the Incentive Scheme for 2019 (i)	-	207
	29,462	22,740
Long-term employee benefit obligations and provisions	1,595	1,077
Short-term employee benefit obligations and provisions	27,867	21,663
Total	29,462	22,740

(i) On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for Members of the Management Board of Auto Partner S.A. The purpose of the Scheme is to establish an incentive mechanism that will ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and introduce a mechanism whereby members of the Management Board would be rewarded for their contribution to the growth of the Company's value. The Incentive Scheme is addressed to members of the Management Board: Andrzej Manowski, Piotr Janta and Michał Breguła. However, the mandate of Michał Breguła expired on September 7th 2019, i.e., during the reference period. The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,360,000.00 during the term of the Scheme, i.e., from 2019 to 2021. The Supervisory Board of Auto Partner S.A. defined further details of the Incentive Scheme Rules for members of the Management Boards of Auto Partner S.A. by deciding that the bonuses to be paid to the eligible members of the Management Board are calculated on the basis of financial data without taking into account the effect of IFRS 16 Leases with regard to contracts that are classified as finance leases under IFRS 16 but were not treated as finance leases under IAS 17, i.e.:

– depreciation adjusted for the amount of depreciation charge under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;

– lease liabilities adjusted for the amount of lease liabilities under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;

– EBIT adjusted for the effect of taking to profit or loss of the costs related to contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17.

On June 29th 2020, based on the Rules of the Incentive Scheme of April 9th 2019, Resolution No. 3 of the Supervisory Board of April 3rd 2020, the audited full-year consolidated financial statements of the Auto Partner Group for the financial year 2019 as approved by the Annual General Meeting on June 19th 2020, and the settlement of the business objectives set out in the Rules, the Supervisory Board decided to grant the following bonuses to the Scheme participants, i.e., Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board:

Piotr Janta, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000 in 2022; Andrzej Manowski, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000.00 in 2022.

On May 28th 2021, the Supervisory Board of the Company – acting pursuant to Section 5 of the Remuneration Policy for members of the Management Board and Supervisory Board of Auto Partner S.A. adopted by the General Meeting on June 19th 2020, and pursuant to Section 5.3 of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board adopted by a resolution of the Supervisory Board on April 9th 2019 (the "Rules"), and based on the data contained in the audited consolidated financial statements of the Auto Partner Group for 2020 that were approved by the Annual General Meeting on May 27th 2021, and the verification of delivery of the business targets provided for in the Rules – decided to grant the following bonuses for 2020 to the Incentive Scheme participants Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board: Piotr Janta, Vice President of the Management Board was granted a bosus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023; Andrzej Manowski, Vice President of the Management Board, was granted a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023.

Acting pursuant to the Incentive Scheme Rules adopted by the General Meeting of Maxgear Sp. z o.o. on May 30th 2019, On May 28th 2021 the Annual General Meeting of Maxgear Sp. z o.o. granted bonuses to members of the company's Management Board covered by the Incentive Scheme for the performance in 2020.

(ii) On September 10th 2021, the parent's Supervisory Board passed a resolution to approve the rules of awarding an incentive bonus to members of the Management Board of Auto Partner S.A. for 2021. In connection with early delivery of the 2019–2021 targets set in the Rules of the Incentive Scheme of April 9th 2019, approved by Resolution No. 3 of the Company's Supervisory Board of April 3rd 2019, in order to ensure continuity of the incentive system for members of the Management Board of Auto Partner S.A. in 2021, with the aim of the scheme being to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth, the Supervisory Board approved the 2021 terms and conditions for awarding an incentive bonus to Andrzej Manowski, Vice President of the Management Board, of Piotr Janta, Vice President of the Management Board, linked to the amount of consolidated net profit of the Auto Partner Group for the financial year 2021. The total amount of bonuses paid in accordance with the rules set out in the Supervisory Board's resolution will not exceed PLN 1,440,000 (one million, four hundred and forty thousand złoty).

On June 1st 2022, acting pursuant to Article 21.1 (n) of the Company's Articles of Association, Section 5.1-6 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A., and Section 1.4 of the Supervisory Board Resolution No. 1 of September 10th 2021 on adoption of the rules for granting incentive bonuses to Auto Partner S.A. Management Board Members for 2021, providing for payment of additional remuneration for appointment to the Company's Management Board, linked to the Company's financial performance, and also based on the data presented in the audited consolidated financial statements of the Auto Partner Group for the financial year 2021, approved by Annual General Meeting on May 31st 2022, and the review of the business targets set in the resolution, the Supervisory Board of Auto Partner S.A. decided to grant Bonuses to the Eligible Persons: Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board, in the following amounts: Piotr Janta – Vice President of the Management Board: bonus of PLN 693,000 Andrzej Manowski – Vice President of the Management Board: bonus of PLN 693,000.

On September 10th 2021, the General Meeting of Maxgear Sp. z o.o. passed a resolution to approve the rules of awarding an incentive bonus for 2021 to the following members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak. Its terms will be the same as those applying to members of the Auto Partner S.A. Management Board. The total amount of bonuses paid under the resolution of the General Meeting to members of the Management Board of Maxgear Sp. z o.o. will not exceed PLN 720,000 (seven hundred and twenty thousand).

On June 1st 2022, the Annual General Meeting of Maxgear Sp. z o.o., acting pursuant to Resolution No. 1 of the General Meeting of September 10th 2021 on the rules of granting an incentive bonus to members of the Management Board of MAXGEAR Spółka z o.o. for 2021, providing for payment of additional remuneration for appointment to the company's Management Board, linked to the financial performance of the Auto Partner Group, granted a bonus to the Management Board Members covered by the scheme for the performance recorded in 2021.

(iii) The Group is obliged to pay retirement and disability severance benefits. Any employee who reaches the retirement age of 65 for men and 60 for women is entitled to a severance payment upon retirement. The amount of the severance benefit is one month's salary. An employee who has acquired disability pension entitlements under social security due to permanent incapacity to work has a right to a disability severance payment. The amount of the disability severance payment is one month's salary. Provisions for employee benefits are calculated by an actuary. The provision for retirement and disability severance benefits was calculated with the projected unit method. The amount of future obligations is calculated as the accrued portion of future benefits, taking into account the projected increase in remuneration serving as the basis for the computation of future benefits. The calculation also reflects the probability of acquiring the entitlement to a one-off disability or retirement severance payment. The amount of the obligation for accrued holiday entitlements was calculated as the remuneration due for unused accumulating paid absences.

(iv) On September 10th 2021, the Company's Supervisory Board passed a resolution to approve the Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A., providing for the payment for 2021 of additional remuneration for the appointment to the Company's Management Board, linked to the Company's financial performance. The Scheme is intended for the following members of the Company's Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that would ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company's website https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen.The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the scheme.

On January 10th 2022, the General Meeting of Maxgear sp. z o.o. passed a resolution to approve the Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak, with the same terms as those applying to members of the Auto Partner S.A. Management Board. The total amount of bonuses paid in accordance with the Rules to members of the Management Board of Maxgear sp. z o.o. will not exceed PLN 4,000,000 during the term of the Scheme.

The table below shows changes in provisions:

	Period ended June 30th 2022	Period ended June 30th 2021
Provision for accrued holiday entitlements	(2,120)	(2,412)
Provision for retirement and disability benefit obligations	156	(225)
Provision for obligations under the Incentive Scheme for 2019	207	418
Provision for obligations under the Incentive Scheme for 2020	1,075	3,766
Provision for obligations under the Incentive Scheme for 2021	2,160	(900)
Provision for obligations under the Incentive Scheme for 2022	(5,250)	-
Total	(3,772)	647

	As at December 31st 2021	recognised	reversed	used	As at June 30th 2022
Provision for accrued holiday entitlements	3,368	3,549	-	(1,429)	5,488
Provision for retirement and disability benefit obligations	609	-	(156)	0	453
Provision for obligations under the Incentive Scheme for 2019	207	-	-	(207)	-
Provision for obligations under the Incentive Scheme for 2020	1,613	-	-	(1,075)	538
Provision for obligations under the Incentive Scheme for 2021	2,160	-	(82)	(2,078)	-
Provision for obligations under the Incentive Scheme for 2022	-	5,250	-	-	5,250
	7,957	8,799	(238)	(4,789)	11,729

25. Provisions

	As at June 30th 2022	As at December 31st 2021
Provisions for warranty repairs	3,802	3,802
Other provisions	2,945	6,044
Total	6,747	9,846
including:		
Long-term provisions	-	-
Short-term provisions	6,747	9,846

26. Financial instruments

	As at June 30th 2022	As at December 31st 2021
Financial assets		
Measured at fair value through profit or loss:	-	-
Held for trading	-	-

Classified for measurement at fair value through profit or loss:	-	-
Measured at amortised cost:	259,094	224,001
Cash	*43,001*	*16,936*
Trade and other financial receivables	*212,503*	*207,045*
Loans	*3,590*	*20*
Measured at fair value through other comprehensive income	-	-
Financial receivables excluded from the scope of IFRS 9 – finance lease receivables	-	5
Financial receivables excluded from the scope of IFRS 9 – shares	110	110
Financial liabilities		
Measured at fair value through profit or loss:	-	-
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Hedging derivatives	-	-
Measured at amortised cost:	402,375	355,126
Trade payables	*136,665*	*90,431*
Contract liabilities	*682*	*413*
Liabilities arising from acquisition of property, plant and equipment and intangible assets	*3,072*	*1,458*
Borrowings	*261,956*	*262,824*
Non-IFRS 9 financial liabilities – lease liabilities	113,771	105,119

Fair value

The Group recognises derivative financial instruments for which changes in fair value are attributable to changes in market conditions (i.e., exchange rate movements) as financial assets and liabilities measured at fair value through profit or loss. In the reporting period ended December 31st 2021 and June 30th 2022, the Group did not enter into any currency forwards.

In the opinion of the Management Board, the carrying amounts of financial assets and liabilities disclosed in these financial statements approximate their fair values.

27. Related-party transactions

All transactions with related parties are made on an arm’s length basis. Transactions between the parent and its related parties were eliminated on consolidation and are not presented in this note. Detailed information about transactions between the Group and other related parties is presented below.

Below are presented transactions with entities with personal links to members of the Management Board and the Supervisory Board and transactions with members of the management boards of the subsidiaries.

Sales of goods and services and other income	Period ended June 30th 2022	Period ended June 30th 2021
entities related to members of the Management Board and the Supervisory Board	75	-
including:		
sales of goods	*2*	-
re-charge of costs	*73*	-
members of management boards of subsidiaries	8	69
including:		
sales of goods	-	*27*

re-charge of costs	*8*	*42*
Total	83	69

Purchase of goods and services and other purchases	Period ended June 30th 2022	Period ended June 30th 2021
entities related to members of the Management Board and the Supervisory Board	961	694
including:		
purchase of services	*961*	*694*
members of management boards of subsidiaries	51	52
including:		
purchase of services	*51*	*52*
Total	1,012	746

Receivables	As at June 30th 2022	As at December 31st 2021
entities related to members of the Management Board and the Supervisory Board	86	5
members of management boards of subsidiaries	3	2
Total	89	7

Liabilities	As at June 30th 2022	As at December 31st 2021
entities related to members of the Management Board and the Supervisory Board	233	-
members of management boards of subsidiaries	7	7
Total	240	7

Below are presented transactions with and remuneration of members of the Management Board and the Supervisory Board.

Sales of goods and services and other income	Period ended June 30th 2022	Period ended June 30th 2021
Management Board members	15	15
including:		
re-charge of costs	*15*	*15*
Total	15	15

Receivables	As at June 30th 2022	As at December 31st 2021
Management Board members	165	217
Total	165	217

Salaries	Period ended June 30th 2022	Period ended June 30th 2021
Management Board members	3,813	2,989
Members of management boards of subsidiaries	1,870	1,599
Supervisory Board	68	59
Total	5,751	4,647

Obligation under the Incentive Scheme	As at June 30th 2022	As at December 31st 2021
Management Board members (Note 24)	348	1,177
Members of management boards of subsidiaries (Note 24)	190	643
Total	538	1,820

Loans received from shareholders are presented below.

Loans received	As at June 30th 2022	As at December 31st 2021
Shareholder loan (Note 21)	27,368	28,035
Total	27,368	28,035

Finance costs	Period ended June 30th 2022	Period ended June 30th 2021
Interest expense recognised	(668)	(668)
Total	(668)	(668)

28. Dividend

On March 28th 2022, the Management Board of the Company passed a resolution to request the Annual General Meeting ("AGM") to pay dividend for the financial year 2021. Pursuant to the resolution, the Management Board recommended payment to the Company's shareholders of dividend of PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty), i.e., PLN 0.15 (fifteen grosz) per share. At the meeting held on April 11th 2022, the Supervisory Board gave a favourable opinion on the Management Board's recommendation. At its meeting held on May 31st 2022, the Annual General Meeting passed a resolution granting the request, setting June 8th 2022 as the dividend record date. The dividend was paid on June 22nd 2022.

29. Contingent liabilities, future contract liabilities, sureties provided and received, and contingent assets

Bank guarantees:

– PLN 42 thousand bank guarantee No. KLG57699IN19 of March 1st 2019, provided in connection with commercial property lease contract of February 15th 2019, valid until May 6th 2024, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 21

– PLN 2,000 thousand bank guarantee No. DOK3617GWB19KW of October 18th 2019, provided in connection with a distribution agreement (as amended), valid until December 31st 2022, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 21

– PLN 652 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until August 31st 2023, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 21

– PLN 190 thousand bank guarantee No. DOK2418GWB20TI of July 27th 2020, provided in connection with a contract for rent of property in Pruszków, valid until August 31st 2023, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

- EUR 213 thousand bank guarantee No. DOK4042GWB21KW of October 13th 2021, provided in connection with a contract for rent of property in Poznań, valid until June 29th 2025, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

– PLN 650 thousand bank guarantee No. DOK1141GWB22WS of March 25th 2022, provided in connection with a contract for rent of property in Mysłowice, valid until December 31st 2022, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

– PLN 68 thousand bank guarantee No. DOK1330GWB22KW of April 12th 2022, provided in connection with a contract for rent of property in Tychy, valid until March 31st 2025, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

Insurance policies

The Group took out insurance of its merchandise against theft, burglary and robbery, as well as insurance against fire and other natural calamities. If any of the insured risks materialises, the Group will receive relevant compensation from the insurer.

The Group took out insurance against the credit risk of some of its domestic and foreign customers. Under the policy, the Group is entitled to compensation for insured and unpaid receivables.

Tax liabilities

The tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. The tax authorities have control instruments enabling them to verify the tax bases (in most cases for the preceding five financial years) and to impose penalties and fines. As of July 15th 2016, the Tax Code also contains the General Anti-Abuse Clause (GAAR), which is intended to prevent the creation and use of artificial legal structures designed to avoid taxation. The GAAR should be applied both to transactions carried out after its entry into force and to transactions which were carried out before the entry into force of the GAAR but whose benefits have been or are still being realised after the date of its entry into force. Consequently, the determination of tax liabilities may require significant judgement, including with respect to transactions that have already taken place, and the amounts of tax expense presented and disclosed in the financial statements may change in the future as a result of audits by the tax authorities. Tax authorities have the right to carry out inspections within five years of the end of a year in which a tax return is submitted, and to impose additional tax liabilities, including interest and penalties. The Group was subject to inspections by tax authorities. In the Management Board's opinion, there were no circumstances which could lead to material liabilities being imposed as a consequence of such inspections.

Undisclosed liabilities under contracts

The Group entered into contracts which will be classified as leases under IFRS 16, however the liabilities under the contracts are not disclosed as at the reporting date due to the failure to make the leased assets available for use by the Group by June 30th 2022. Assets covered by the contracts include a storage racking system, vehicles, hardware and property lease. As at June 30th 2022, the present value of future lease liabilities under the contracts was PLN 64,201 thousand:

30. Components of cash and reconciliation of cash to the statement of cash flows

	As at June 30th 2022	As at June 30th 2021
Cash in hand	1,239	1,230
Cash at banks	36,464	25,436

Cash in transit	5,298	5,731
Other cash	-	4
Total cash and cash equivalents in the statement of financial position	43,001	32,401
Effect of exchange rate movements on net cash in foreign currencies	62	(22)
Total cash and cash equivalents in the statement of cash flows	43,063	32,379
including restricted cash - Split Payment accounts	*1,532*	*3,245*

31. Events subsequent to the reporting date

1) August 17th 2022 saw the execution of Annex 2 to the bank guarantee of EUR 214 thousand of March 25th 2022 (No. DOK1141GWB22WS) issued in connection with a contract for property rental in Mysłowice. The guarantee expires on September 30th 2024 and has been issued as part of the credit facility provided under an agreement with Santander Bank Polska S.A.
2) On September 13th 2022, an investment credit facility agreement was signed with Credit Agricole Bank Polska Spółka Akcyjna of Wrocław. Under the agreement, an investment credit facility of PLN 10,000,000 (ten million złoty) will be advanced to the Parent to finance and refinance its investment expenditure.

32. Impact of the COVID-19 pandemic on the Group's business

As regards the consequences of the coronavirus pandemic, in the first half of 2022 the Group did not identify any impediments to its business or any direct impact on its financial performance.

33. Impact of the Russian Federation's military invasion of Ukraine on the Group's business

Following the Russian invasion of Ukraine launched on February 24th 2022, the Management Board assessed the impact of this event on its operations, business continuity, financial condition and going concern assumption. The Group's exposure to the Ukrainian market is negligible, accounting for less than 0.5% of its monthly revenue. To manifest solidarity with Ukraine, the Group suspended its business on the Russian and Belarusian markets, closed all its representative offices and discontinued the export of aftermarket parts to both Russia and Belarus. The Group's exports to the Russian and Belarusian markets account for 0.1% and 0.02%, respectively, of its monthly revenue. However, the Management Board notes that the event's impact on the overall economic situation may require revision of certain assumptions and estimates in the future. This, in turn, may necessitate significant adjustments to the carrying amounts of certain assets and liabilities in the next financial year. At present, given the continuing high uncertainty about how the situation will develop, the Management Board is not able to reliably estimate its impact on the Group's performance. The situation is highly unpredictable and therefore the current expectations may change in the coming quarters. In the long term, the situation may also affect the Group's trading volumes, cash flows and profitability. As at the issue date of this Report, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's and its Group's operations, business continuity or financial condition. Moreover, the Management Board identified no threat to the Group's ability to continue as a going concern. The Management Board is monitoring the situation to the extent it could potentially affect the Group's business in future periods.

34. Authorisation for issue

These interim condensed consolidated financial statements of the Group were authorised for issue by the Management Board on September 14th 2022.

II. Interim condensed separate financial statements

Interim separate statement of comprehensive income

	Note	for 3 months ended		for 6 months ended	
		June 30th 2022	June 30th 2021	June 30th 2022	June 30th 2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
STATEMENT OF PROFIT OR LOSS					
Revenue from contracts with customers	7	707,582	586,920	1,347,625	1,063,397
Cost of sales	8	(501,044)	(421,984)	(958,166)	(773,027)
Gross profit (loss)		206,538	164,936	389,459	290,370
Distribution costs and marketing expenses	8	(83,346)	(59,105)	(154,009)	(107,408)
Warehousing (logistics) costs	8	(44,917)	(34,229)	(88,353)	(61,478)
Management and administrative expenses	8	(10,360)	(5,419)	(16,841)	(10,333)
Other gains (losses), net	9	(27)	960	230	(728)
Other income		125	93	220	201
Other expenses		(342)	(207)	(573)	(273)
Operating profit (loss)		67,671	67,029	130,133	110,351
Finance income	10	1,757	448	5,146	3,281
Finance costs	11	(4,867)	(1,465)	(8,753)	(3,409)
Profit (loss) before tax		64,561	66,012	126,526	110,223
Income tax	12	(12,242)	(12,817)	(23,638)	(20,783)
NET PROFIT (LOSS)		52,319	53,195	102,888	89,440
OTHER COMPREHENSIVE INCOME					
Other comprehensive income, net		-	-	-	-
Other comprehensive income that will be reclassified to profit or loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME		52,319	53,195	102,888	89,440
Earnings (loss) per share (PLN per share)					
From continuing operations:					
Basic		0.40	0.40	0.79	0.68
Diluted		0.40	0.40	0.79	0.68

Interim separate statement of financial position

	Note	As at June 30th 2022	As at December 31st 2021	As at June 30th 2021
		(unaudited)		(unaudited*)
ASSETS				
Non-current assets				
Intangible assets	14	23,520	20,559	14,560
Property, plant and equipment	13	194,061	166,997	142,382
Investments in related entities	15	30,448	30,448	30,448
Investments in other entities	15	110	110	110
Other long-term receivables	18	4,024	3,555	2,599
Other non-current financial assets	16	2	1,459	1,365
Total non-current assets		252,165	223,128	191,464
Current assets				
Inventories	17.1	771,016	647,280	558,327
Right-of-return assets	17.2	15,520	10,859	15,471
Trade and other receivables	18	254,008	250,249	194,061
Other financial assets	16	5,106	4	-
Cash and cash equivalents	29	37,656	13,922	24,657
Total current assets		1,083,306	922,314	792,516
Total assets		1,335,471	1,145,442	983,980
EQUITY AND LIABILITIES				
Equity				
Share capital issued	19	13,062	13,062	13,062
Share premium	19	106,299	106,299	106,299
Other capital reserves	19	2,103	2,103	2,103
Retained earnings	19	638,175	554,880	458,259
Total equity		759,639	676,344	579,723
Non-current liabilities				
Long-term borrowings	20	148,700	93,896	26,700
Lease liabilities	22	77,536	71,275	58,908
Employee benefit obligations and provisions	23	1,405	887	1,024
Deferred tax liability		8,263	14,944	7,219
Total non-current liabilities		235,904	181,002	93,851
Current liabilities				
Trade and other payables	21.1	172,738	69,385	124,417
Contract and right-of-return liabilities	21.2	22,290	15,593	20,554
Short-term borrowings	20	58,291	116,882	97,978
Lease liabilities	22	34,779	32,331	28,353
Current tax liability	12	19,246	23,724	16,236
Employee benefit obligations and provisions	23	25,837	20,335	20,538
Short-term provisions	24	6,747	9,846	2,330
Total current liabilities		339,928	288,096	310,406
Total liabilities		575,832	469,098	404,257
Total equity and liabilities		1,335,471	1,145,442	983,980

* presentation change, Note 3.2.

Interim separate statement of cash flows

indirect method	Note	for 6 months ended June 30th 2022	June 30th 2021
		(unaudited)	(unaudited*)
Cash flows from operating activities			
Profit before tax		126,526	110,223
Adjustments:			
Depreciation and amortisation		15,147	12,388
Foreign exchange gains/losses		196	(993)
Adjustments for gains/losses on investing activities		(62)	149
Finance costs recognised in profit or loss		8,171	3,395
Finance income recognised in profit or loss		(89)	(15)
Other adjustments		-	(6)
Change in inventories		(123,736)	(119,607)
Change in right-of-return assets		(4,661)	(5,260)
Gains on share in profit or loss of related entities		(4,886)	(2,279)
Change in trade and other receivables		(6,394)	(54,544)
Change in trade and other payables		110,659	69,192
Change in contract and right-of-return liabilities		6,698	7,339
Change in employee benefit obligations and provisions		2,921	5,007
Cash from operating activities		130,490	24,989
Income tax paid		(34,797)	(7,311)
Net cash from operating activities		95,693	17,678
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(17,784)	(6,537)
Disposal of property, plant and equipment and intangible assets		33	132
Loans		(3,400)	(2,384)
Repayment of loans		2	2,389
Receipts from lease		113	124
Interest received		6	61
Net cash from investing activities		(21,030)	(6,215)
Cash flows from financing activities			
Dividend paid		(19,593)	(13,062)
Borrowings received		-	30,338
Borrowings repaid		(3,054)	-
Payment of lease liabilities		(19,867)	(13,470)
Interest and commissions paid		(8,151)	(3,413)
Other cash used in financing activities – corporate surety		(284)	(192)
Other cash provided by financing activities – corporate surety		90	15
Net cash from financing activities		(50,859)	216
Total net cash flows		23,804	11,679
Cash and cash equivalents at beginning of period		13,922	12,961
Effect of exchange rate movements on net cash in foreign currencies		(70)	17
Cash and cash equivalents at end of period	29	37,726	24,640

* presentation change, Note 3.2.

Interim separate statement of changes in equity

	Share capital issued	Capital from issue of warrants	Share premium	Retained earnings	Total equity
As at December 31st 2020	13,062	2,103	106,299	381,881	503,345
Net profit for period				89,440	89,440
Total comprehensive income	-	-	-	89,440	89,440
Dividend paid				(13,062)	(13,062)
Balance as at June 30th 2021 (unaudited)	13,062	2,103	106,299	458,259	579,723
As at December 31st 2020	13,062	2,103	106,299	381,881	503,345
Net profit for period				186,061	186,061
Total comprehensive income	-	-	-	186,061	186,061
Dividend paid				(13,062)	(13,062)
As at December 31st 2021	13,062	2,103	106,299	554,880	676,344
Net profit for period				102,888	102,888
Total comprehensive income	-	-	-	102,888	102,888
Dividend paid				(19,593)	(19,593)
Balance as at June 30th 2022 (unaudited)	13,062	2,103	106,299	638,175	759,639

Notes

1. General information

Auto Partner S.A. with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, Poland, is registered with the National Court Register at the District Court for Katowice-Wschód, 8th Commercial Division of the National Court Register, entry No. KRS 0000291327.

The Company's principal business consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. The Company is an importer and distributor of parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and directives of the European Union.

The Company has been established for indefinite time. The Company's financial year is the same as the calendar year.

As at the date of authorisation of these financial statements for issue, the Management Board was composed of:

Aleksander Górecki – President of the Management Board,
Andrzej Manowski – Vice President of the Management Board,
Piotr Janta – Vice President of the Management Board.

As at the date of authorisation of the financial statements for issue, the Supervisory Board was composed of:

Jarosław Plisz – Chairman of the Supervisory Board,
Bogumił Woźny – Deputy Chairman of the Supervisory Board,
Andrzej Urban – Member of the Supervisory Board,
Bogumił Kamiński – Member of the Supervisory Board,
Mateusz Melich – Member of the Supervisory Board.

Commercial proxy: Grzegorz Lenda – joint commercial proxy.

Qualified Auditor: PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., with its registered office at ul. Polna 11, Warsaw.

Listing venue: Auto Partner S.A. shares are listed on the Warsaw Stock Exchange in the continuous trading system.

Share capital structure: as at June 30th 2022 the structure of the Company's share capital was as follows:

The share capital consists of:	number of shares	par value per share	amount of share capital
Series A ordinary bearer shares	1,000	PLN 0.10	PLN 100.00
Series B ordinary bearer shares	111,110	PLN 0.10	PLN 11,111.00
Series C ordinary bearer shares	160,386	PLN 0.10	PLN 16,038.60
Series D ordinary bearer shares	48,319,769	PLN 0.10	PLN 4,831,976.90
Series E ordinary bearer shares	39,964,295	PLN 0.10	PLN 3,996,429.50
Series F ordinary bearer shares	4,444,440	PLN 0.10	PLN 444,444.00
Series G ordinary bearer shares	999,000	PLN 0.10	PLN 99,900.00
Series H ordinary bearer shares	23,000,000	PLN 0.10	PLN 2,300,000.00
Series I ordinary bearer shares	2,070,000	PLN 0.10	PLN 207,000.00
Series J ordinary bearer shares	11,550,000	PLN 0.10	PLN 1,155,000.00
Total	130,620,000		PLN 13,062,000.00

2. Statement of compliance and basis of preparation

These interim condensed separate financial statements ("financial statements") of the Company for the six months from January 1st to June 30th 2022 and for the corresponding period of the previous year have been prepared in accordance with IAS 34 Interim Financial Reporting and all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at June 30th 2022.

The accounting policies applied in the preparation of these separate financial statements are consistent with the policies applied in the preparation of the full-year separate financial statements for the financial year ended December 31st 2021. These interim condensed separate financial statements should be read in conjunction with the audited full-year separate financial statements for the year ended December 31st 2021 prepared in accordance with IFRS.

These interim condensed separate financial statements have been prepared on a going concern basis. As at the date of authorisation of these financial statements, there were no circumstances indicating any threat to the Group's ability to continue as a going concern.

All amounts in these interim condensed financial statements are presented in PLN thousands, unless indicated otherwise.

3. Change of accounting policies and presentation

3.1. Changes in accounting policies

The Company did not change its accounting policies in the reporting period.

3.2. Presentation changes

The Company did not make any presentation changes in the reporting period. A presentation change was made in the comparative period, that is for the first half of 2021. In order to present the Company's financial position in a reliable and faithful manner the Management Board of the Company changed the presentation of provisions for warranty repairs, which were previously presented in the statement of financial position under short-term provisions as the difference between the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints and the estimated cost of warranty complaints. After the change, the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints is presented in other financial receivables, while the estimated cost of warranty complaints is included in short-term provisions.

Below is presented the effect of the presentation change in the statement of financial position and in the statement of cash flows for the period ended June 30th 2021.

Interim separate statement of financial position	As at June 30th 2021	change	As at June 30th 2021
	before		after
Trade and other receivables	192,462	1,599	194,061
Total current assets	790,917	1,599	792,516
Total assets	982,381	1,599	983,980
Short-term provisions	731	1,599	2,330
Total current liabilities	308,807	1,599	310,406
Total liabilities	402,658	1,599	404,257
Total equity and liabilities	982,381	1,599	983,980

Interim separate statement of cash flows	Period ended June 30th 2021	change	Period ended June 30th 2021
	before		after
Change in trade and other receivables	(52,945)	(1,599)	(54,544)
Change in employee benefit obligations and provisions	3,408	1,599	5,007
Cash from operating activities	24,989	-	24,989
Net cash from operating activities	17,678	-	17,678

4. Amendments to standards and interpretations

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU have been applied for the first time in 2022:

Amendments to IFRS 3 *Business Combinations*
The amendments to the standard issued in May 2020 are intended to update the relevant references to the Conceptual Framework in IFRS without introducing any substantive changes to accounting for business combinations.

Amendments to IAS 16 *Property, Plant and Equipment*
The amendment to IAS 16 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
The amendments to IAS 37 clarify what costs an entity considers in assessing whether a contract is onerous.

Annual Improvements to IFRSs 2018−2020 Cycle
Annual Improvements to IFRSs 2018−2020 Cycle amend the following standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, and illustrative examples for IFRS 16 *Leases*. The amendments explain and clarify the guidance on recognition and measurement provided in the standards.

The amendments listed above have not had a material effect on the financial statements.

Issued standards and interpretations which are not yet effective and have not been adopted early by the Company:

IFRS 17 *Insurance Contracts* and amendments to IFRS 17
IFRS 17 *Insurance Contracts* was issued by the International Accounting Standards Board on May 18th 2017, and amendments to IFRS 17 were issued on June 25th 2020. The amended standard is effective for annual periods beginning on or after January 1st 2023. IFRS 17 *Insurance Contracts* will replace existing IFRS 4, which provides for diverse practices in accounting for insurance contracts. IFRS 17 will substantially change the accounting practices of all entities that deal with insurance contracts and investment agreements.

Amendment to IAS 1 *Presentation of Financial Statements* and the IASB Practice Statement on Disclosure of Accounting Policies
The amendment to IAS 1 requires entities to disclose their material accounting policy information, which is defined in the Standard. It clarifies that accounting policy information is material if users of an entity's financial statements would need it to

understand other material information in the financial statements. In addition, the IASB's guidance was amended with respect to the application of the materiality concept in practice, to provide guidance on the application of the materiality concept to accounting policy disclosures. The amendment applies from January 1st 2023.

Amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
In February 2021, the IASB issued an amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as regards the definition of accounting estimates. The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The amendment applies from January 1st 2023.

Amendments to IAS 12 *Income Taxes*
The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to the amendments, it was not clear whether the initial recognition exception applied to such transactions, i.e., transactions that lead to the recognition of both deferred tax assets and liabilities. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that at the time of initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for financial statements for periods beginning on or after January 1st 2023. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendments to IAS 1 *Presentation of Financial Statements*
The IASB has published amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments are effective for financial statements for periods beginning on or after January 1st 2023. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendment to IFRS 17 *Insurance Contracts*
The amendment relates to transition requirements following the initial application of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. The purpose of the amendment is to ensure the usefulness of financial information for investors during the period of initial application of the new standard by introducing certain expedients with respect to the presentation of comparative data. The amendment relates to the application of the new standard by insurers only – it does not affect any other requirements of IFRS 17. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

5. Significant assessments and estimates

The preparation of financial statements in accordance with IFRS requires the Management Board of the Company to use judgements and estimates which affect the applied accounting policies and the amounts of reported assets, liabilities, income and expenses. Judgements and estimates are reviewed on an ongoing basis. A change in estimates is recognised in profit or loss for the period in which the change occurred. During the reporting period, there were no material changes in judgements and estimates.

6. Seasonality

The sale of spare parts and accessories, which constitutes the principal business activity of the Company, is subject to seasonal fluctuations during the year. The highest sale volumes are recorded in the spring season (March to April/May) and in autumn (October and November), and additionally during summer months, while being relatively the lowest in winter. The seasonality of sales is reflected in higher demand for merchandise, which results in a seasonal increase in purchases of merchandise and the amount of related trade payables before the high seasons, especially spring.

7. Revenue from contracts with customers

The principal business of the Company is the sale of spare parts and accessories for motor vehicles, therefore the Management Board does not identify separate reportable segments for the purposes of managing the Company's business. The Company does not have key customers and sales to none of the Company's customers exceed 10% of total sales.

	Period ended June 30th 2022	Period ended June 30th 2021

Revenue from sale of merchandise	1,343,168	1,060,165
including:		
Sales of merchandise – Poland	*669,778*	*580,640*
Sales of merchandise – EU	*664,340*	*472,708*
Sales of merchandise – other exports	*9,050*	*6,817*

Revenue from rendering of services	4,457	3,232
including:		
Sales of services – Poland	*3,462*	*2,485*
Sales of services – EU	*995*	*747*

Total revenue from contracts with customers	1,347,625	1,063,397

8. Costs by nature and function of expense

	Period ended June 30th 2022	Period ended June 30th 2021
Depreciation and amortisation	(15,147)	(12,388)
Raw materials and consumables used	(14,563)	(8,983)
Services	(139,900)	(94,774)
Taxes and charges	(1,668)	(1,153)
Employee benefits expense*	(86,376)	(59,832)
Other costs by nature of expense	(4,293)	(4,029)
Merchandise and materials sold	(955,422)	(771,087)
Total costs by nature of expense	(1,217,369)	(952,246)
Cost of sales	(958,166)	(773,027)
Distribution costs and marketing expenses	(154,009)	(107,408)
Warehousing (logistics) costs	(88,353)	(61,478)
Management and administrative expenses	(16,841)	(10,333)
Total costs by function of expense	(1,217,369)	(952,246)

* On February 26th 2021, the Company filed an application with the Provincial Labour Office in Katowice for grant to subsidise remuneration for employees not covered by any economic downtime or reduced amount of working time, due to the decline in turnover caused by the COVID-19 pandemic. The application was submitted pursuant to Art. 15gg of the Act on special arrangements to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz. U. of 2020s, item 374, as amended). Amount requested: PLN 11,240,302.08, including: grant for social security contributions: PLN 1,648,794.12, grant for employee remuneration: PLN 9,591,507.96. On March 16th 2021, the Company's bank account was credited with the amount of PLN 7,493,534.72 under the first and second tranches of the grant. On April 16th 2021 the Company received one more tranche of the grant, in the amount of PLN 3,746,767.36, as per the application. In accordance with the application, the grants were used to pay employee remuneration and social security contributions for February, March and April 2021. Following full settlement of the application, the final amount of the grant totalled PLN 8,855,188.20, with PLN 2,385,113.88 returned by the Company to the bank account of the Provincial Labour Office in Katowice.

Below is presented the effect of the grants received as at June 30th 2021:

	Period ended June 30th 2021	grant amount	Period ended June 30th 2021
	excluding grants		including grants
Depreciation and amortisation	(12,388)	-	(12,388)
Raw materials and consumables used	(8,983)	-	(8,983)
Services	(94,774)	-	(94,774)
Taxes and charges	(1,153)	-	(1,153)
Employee benefits expense*	(68,687)	8,855	(59,832)
Other costs by nature of expense	(4,029)	-	(4,029)
Merchandise and materials sold	(771,087)	-	(771,087)
Total costs by nature of expense	(961,101)	8,855	(952,246)

Cost of sales	(773,027)	-	(773,027)
Distribution costs and marketing expenses	(111,060)	3,652	(107,408)
Warehousing (logistics) costs	(66,211)	4,733	(61,478)
Management and administrative expenses	(10,803)	470	(10,333)
Total costs by function of expense	(961,101)	8,855	(952,246)

9. Other net gains (losses)

	Period ended June 30th 2022	Period ended June 30th 2021
Foreign exchange gains or losses on operating activities – unrealised	(252)	190
Foreign exchange gains or losses on operating activities – realised	1,008	(70)
Gains/losses on impairment of receivables	(640)	(704)
Other	114	(144)
Other gains (losses) net	230	(728)

10. Finance income

	Period ended June 30th 2022	Period ended June 30th 2021
Gains on realised currency forward contracts measured at fair value through profit or loss	-	-
Gains on share in profit or loss of a subsidiary	4,886	2,279
Foreign exchange gains (losses) on financing activities	-	855
Interest on loans	104	75
Interest on trade receivables	53	45
Other finance income	103	27
Total finance income	5,146	3,281

11. Finance costs

	Period ended June 30th 2022	Period ended June 30th 2021
Interest expense:		
Interest on term and overdraft facilities	(5,002)	(587)
Interest on non-bank borrowings from related entities	(668)	(668)
Interest on lease liabilities (other leases)	(1,325)	(868)
Interest on lease liabilities (office and warehouse space leases)	(512)	(515)
Interest on factoring liabilities	-	-
Other interest expense	(12)	(11)
	(7,519)	(2,649)
Other finance costs:		
Losses on realised currency forward contracts measured at fair value through profit or loss	-	-
Foreign exchange gains (losses) on financing activities	(537)	-
Credit commissions and fees	(346)	(525)
Factoring commissions and fees	(35)	(40)
Other finance costs	(316)	(195)
	(1,234)	(760)
Total finance costs	(8,753)	(3,409)

12. Income tax

	Period ended June 30th 2022	Period ended June 30th 2021
Profit before tax	126,526	110,223
Income tax at 19%	(24,040)	(20,942)
Permanent differences	402	159
Total income tax disclosed in the statement of comprehensive income	(23,638)	(20,783)
including:		
Current income tax:		
For current year	(30,251)	(22,132)
For previous years	(68)	-
	(30,319)	(22,132)
Deferred income tax:		
For current year	6,681	1,349
	6,681	1,349
	(23,638)	(20,783)

Profit before tax	126,526	110,223
Income tax	23,638	20,783
Effective tax rate	18.68%	18.86%

Current tax assets and liabilities

	As at June 30th 2022	As at December 31st 2021
Current tax assets	-	-
Current tax liability	19,246	23,724

13. Property, plant and equipment

-	As at June 30th 2022	As at December 31st 2021
Buildings and structures	49,319	47,236
Machinery and equipment	58,529	45,435
Vehicles	13,018	11,652
Other	43,521	41,474
Property, plant and equipment under construction	29,674	21,200
Total carrying amount of property, plant and equipment	194,061	166,997

In the statement of financial position, the Company presents right-of-use assets (lease contracts) in the same line item as the assets owned by the Company. Such assets and the related depreciation expense are presented below.

-	As at June 30th 2022	As at December 31st 2021
Buildings and structures	46,626	44,499
Machinery and equipment	38,107	28,921

Vehicles	8,547	7,464
Other	23,844	24,436
Property, plant and equipment under construction (i)	168	17,995
Total carrying amount of property, plant and equipment under right-of-use arrangements	117,292	123,315

–	Period ended June 30th 2022	Period ended June 30th 2021
Buildings and structures	6,773	5,685
Machinery and equipment	2,582	2,218
Vehicles	559	559
Other	655	552
Total depreciation of property, plant and equipment under right-of-use arrangements	10,569	9,014

Right-of-use assets are mainly contracts for lease of cars, storage racks, internal transport and handling systems, as well as office space and hardware rental contracts. Items of property, plant and equipment disclosed as used under lease contracts are secured with lessors' rights to leased assets. For information on lease liabilities, see Note 22.

(i) Leased property, plant and equipment under construction include lease contract assets not yet commissioned at end of period.

Movements in property, plant and equipment	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at December 31st 2020	67,343	56,381	18,631	45,731	5,429	193,515
Increase						
Purchase	938	5,337	368	2,620	2,697	11,960
Accounting for property, plant and equipment under construction – purchase	-	1,076	-	321	(1,397)	-
Leases	13,843	7,180	3,054	6,824	17,995	48,896
Accounting for property, plant and equipment under construction – leases	-	3,524	-	-	(3,524)	-
Decrease						
Disposal	-	(243)	(674)	(375)	-	(1,292)
Retirement	-	(21)	(110)	(45)	-	(176)
Other	-	-	(47)	-	-	(47)
Gross carrying amount as at December 31st 2021	82,124	73,234	21,222	55,076	21,200	252,856
Increase						
Purchase	168	4,373	106	1,524	8,907	15,078
Accounting for property, plant and equipment under construction – purchase	17	134	-	450	(601)	-
Leases	8,904	12,933	2,235	1,680	-	25,752
Accounting for property, plant and equipment under construction – leases	-	-	-	-	168	168
Decrease						
Disposal	-	(23)	(233)	(69)	-	(325)
Retirement	-	-	(59)	-	-	(59)
Other	(3)	(70)	2	(3)	-	(74)
Gross carrying amount as at June 30th 2022	91,210	90,581	23,273	58,658	29,674	293,396
Accumulated depreciation as at December 31st 2020	22,477	20,610	8,370	11,047	-	62,504
Depreciation in period	12,413	7,345	1,673	2,696	-	24,127
Disposal	-	(156)	(463)	(141)	-	(760)
Retirement	-	-	(33)	-	-	(33)
Other	(2)	-	23	-	-	21
Accumulated depreciation as at December 31st 2021	34,888	27,799	9,570	13,602	-	85,859
Depreciation in period	7,003	4,272	922	1,590	-	13,787
Disposal	-	(19)	(186)	(55)	-	(260)
Retirement	-	-	(51)	-	-	(51)
Other	-	-		-	-	-
Accumulated depreciation as at June 30th 2022	41,891	32,052	10,255	15,137	-	99,335
Net carrying amount as at December 31st 2021	47,236	45,435	11,652	41,474	21,200	166,997
Net carrying amount as at June 30th 2022	49,319	58,529	13,018	43,521	29,674	194,061

14. Intangible assets

–	As at June 30th 2022	As at December 31st 2021
Software	15,336	10,130
Intangible assets under development	8,184	10,429
Total carrying amount of intangible assets	23,520	20,559

In the statement of financial position, the Company discloses right-of-use intangible assets (lease contracts) under the same item as intangible assets owned by the Company. The intangible assets and the related amortisation expense are presented below.

–	As at June 30th 2022	As at December 31st 2021
Software	3,554	3,681
Total carrying amount of right-of-use intangible assets	3,554	3,681

–	Period ended June 30th 2022	Period ended June 30th 2021
Software	254	87
Total amortisation of right-of-use intangible assets	254	87

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at December 31st 2020	20,045	343	5,591	25,979
Increase				
Purchase	546	-	6,137	6,683
Accounting for intangible assets under development – purchase	1,042	-	(1,042)	-
Leases	3,222	-	-	3,222
Accounting for intangible assets under development – leases	-	-	-	-
Other	-	-	(257)	(257)
Decrease				
Other	-	-	-	-
Gross carrying amount as at December 31st 2021	24,855	343	10,429	35,627
Increase				
Purchase	2,156	-	2,165	4,321
Accounting for intangible assets under development – purchase	4,410	-	(4,410)	-
Leases	-	-	-	-
Accounting for intangible assets under development – leases	-	-	-	-
Other	-	-	-	-
Decrease				
Other		-	-	-
Gross carrying amount as at June 30th 2022	31,421	343	8,184	39,948
Accumulated amortisation as at December 31st 2020	12,916	343	-	13,259
Amortisation in period	1,809	-	-	1,809
Other	-	-	-	
Accumulated amortisation as at December 31st 2021	14,725	343	-	15,068
Amortisation in period	1,360	-	-	1,360
Other		-	-	-
Accumulated amortisation as at June 30th 2022	16,085	343	-	16,428

Net carrying amount as at December 31st 2021	10,130	-	10,429	20,559
Net carrying amount as at June 30th 2022	15,336	-	8,184	23,520

15. Investments in related and other entities

	As at June 30th 2022	As at December 31st 2021
Shares in subsidiaries	931	931
Contributions to limited partnership	29,517	29,517
Shares in other entities	110	110
Total	30,558	30,558

General information on the entities consolidated using the full method is presented below.

Entity	Principal business	Registered office	% ownership interest	
			As at June 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	sale of spare parts and accessories for motor vehicles	Bieruń, Poland	100%*	100%*
Maxgear Sp. z o.o.	sale of spare parts and accessories for motor vehicles	Poland, Tychy	100%	100%
AP Auto Partner CZ, s.r.o.	sale of spare parts and accessories for motor vehicles	Prague, Czech Republic	100%	100%
AP Auto Partner RO, s.r.l.	sale of spare parts and accessories for motor vehicles	Romania, Bucharest	100%	100%

* 99% of the voting rights are held by Auto Partner S.A. as a limited partner; 1% of the voting rights are held by the general partner, in which Auto Partner S.A. holds 100% of the voting rights.

16. Other financial assets

	As at June 30th 2022	As at December 31st 2021
Loans measured at amortised cost		
Loans to related entities	1,518	1,454
Loans to other entities	3,590	9
Total	5,108	1,463
Long-term	2	1,459
Short-term	5,106	4
Total	5,108	1,463

On January 11th 2022, the Issuer entered into an agreement with Global One Automotive GmbH of Frankfurt whereby it advanced a EUR 750 thousand loan to Global One. The loan bears interest at 4.5%. The agreement was concluded for a definite term until June 30th 2022. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017). The loan, including interest, was repaid on July 7th 2022.

There were no financial assets measured at fair value through profit or loss.

17. Inventories and right-of-return assets

17.1 Inventories

Merchandise is stored at central and subsidiary warehouses and is insured against theft, burglary and robbery, as well as fire and other natural calamities.

	As at June 30th 2022	As at December 31st 2021
Merchandise	781,109	657,601
Write-downs	(10,093)	(10,321)
Total	771,016	647,280

Change in inventory write-downs

	Period ended June 30th 2022	Period ended June 30th 2021
At beginning of period	10,321	7,437
Decrease	(1,555)	(1,285)
Increase	1,327	1,845
As at end of period	10,093	7,997

The cost of inventory write-downs comprises write-downs of inventories to their net realisable value as well as write-downs for goods that are of inferior quality or damaged.

Inventories pledged as security

The Company created a registered pledge over inventories as security for bank borrowings; for details, see Note 20. The amount of liabilities secured with the pledge is presented below.

–	As at June 30th 2022	As at December 31st 2021
Liabilities secured with pledge on inventories	179,623	182,743

Under purchase contracts concluded with certain suppliers, the supplied goods are deemed to become the property of the Group upon payment of the full purchase price. In the opinion of the Management Board of the Company, all significant risks incidental to the purchased goods are transferred upon delivery of the goods and therefore the purchase is recognised at the time of receipt of the delivery, while the reservation of transfer of ownership by the seller serves as a security for the Company's trade payables.

Recognised inventory cost

–	Period ended June 30th 2022	Period ended June 30th 2021
Cost of sales	(958,166)	(773,027)
Distribution costs	(2,451)	(2,213)
Total inventory cost recognised	(960,617)	(775,240)

Distribution costs comprise mainly the cost of warranty replacement of goods.

17.2 Right-of-return assets

	As at June 30th 2022	As at December 31st 2021
Right-of-return assets	15,520	10,859

Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Company estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period's turnover. An asset is created in connection with the recognition of an estimated decrease in the cost of merchandise sold relating to the estimated right to return merchandise.

18. Trade and other receivables

	As at June 30th 2022	As at December 31st 2021
Trade receivables payable up to 12 months	212,939	192,273
Trade receivables payable in more than 12 months	1,920	1,524
Impairment losses on trade receivables	(7,735)	(6,665)
Total trade receivables	207,124	187,132
Income receivable from participation in Global One purchasing group (i)	10,946	21,766
Impairment loss on income receivable from participation in the Global One purchasing group (i)	(328)	(648)
Finance lease receivables	103	217
Receivables under shares in subsidiary limited partnership	4,886	9,176
Receivables from card system operators	1,748	1,179
Rent deposits receivable (ii)	1,809	1,685
Other financial receivables	4,106	4,013
Impairment losses on other receivables	(37)	(68)
Total trade and other financial receivables	230,357	224,452
Prepaid deliveries	5,728	4,835
Receivables on sale of property, plant and equipment	-	8
Prepayments and accrued income	6,143	5,279
VAT tax to be settled in future periods/refunded to bank account	15,309	18,991
Other non-financial receivables	495	239
Total non-financial receivables	27,675	29,352
Total trade and other receivables	258,032	253,804
Other long-term receivables	4,024	3,555
Trade and other receivables	254,008	250,249
Total trade and other receivables	258,032	253,804

(i) Income receivable from participation in the Global One Automotive GmbH purchasing group is the amount of additional discounts on purchases made in a given financial year. An impairment loss was recognised on receivables not past due as coverage of impairment risk.

(ii) The Company paid security deposits pursuant to the terms of property lease contracts. The deposits serve as security for payment of liabilities under the contracts, as well as liquidated damages or compensation, if any.

The amount of credit loss allowance by the past due date groups of receivables is presented below.

	As at June 30th 2022	As at December 31st 2021

not past due	413	249
past due 1-30 days	61	54
past due 31-90 days	126	103
past due 91-120 days	107	166
past due 121-180 days	154	300
past due 181-360 days	849	376
over 360 days	6,025	5,417
Total impairment losses on trade receivables	7,735	6,665

The change in the amount of the credit loss allowances for other receivables is presented below.

	Period ended June 30th 2022	Period ended June 30th 2021
At beginning of period	68	882
Increase	-	-
Decrease	(31)	(44)
As at end of period	37	838

<u>Trade and other receivables pledged as security</u>

Trade receivables are pledged as security for credit facilities; for details, see Note 20. The amount of receivables pledged as security in the reporting periods is presented below.

	As at June 30th 2022	As at December 31st 2021
Receivables pledged as security	96,077	72,937

19. Equity

Auto Partner S.A. shares are listed on the Warsaw Stock Exchange in the continuous trading system.

	As at June 30th 2022	As at December 31st 2021
Fully paid-up share capital	13,062	13,062
Series A ordinary bearer shares	1	1
Series B ordinary bearer shares	111	111
Series C ordinary bearer shares	160	160
Series D ordinary bearer shares	48,320	48,320
Series E ordinary bearer shares	39,964	39,964
Series F ordinary bearer shares	4,444	4,444
Series G ordinary bearer shares	1,000	1,000
Series H ordinary bearer shares	23,000	23,000
Series I ordinary bearer shares	2,070	2,070
Series J ordinary bearer shares	11,550	11,550
Total (thousands of shares)	130,620	130,620
Par value per share (PLN)	0.10	0.10
Total par value	13,062	13,062

	As at June 30th 2022	As at December 31st 2021
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Capital from issue of warrants	2,103	2,103
Reserve funds from distribution of profit	535,287	368,819
Undistributed profit (loss)	102,888	186,061
Total equity	759,639	676,344

20. Borrowings

	As at June 30th 2022	As at December 31st 2021
Unsecured – at amortised cost		
Borrowings from related entities	27,368	28,035
	27,368	28,035
Secured – at amortised cost		
Overdraft facilities	32,373	115,547
Bank borrowings	147,250	67,196
	179,623	182,743
Total borrowings	206,991	210,778
Current liabilities (vii)	58,291	116,882
Non-current liabilities	148,700	93,896
Total borrowings	206,991	210,778

Credit facility agreements and non-bank borrowings:

	As at June 30th 2022	As at December 31st 2021
floating interest rate:		
ING Bank Śląski S.A./working capital facility under multi-product facility agreement/sub-limit facility within multi-product facility limit (i)	32,372	38,270
ING Bank Śląski S.A./working capital facility /sub-limit facility within multi-product facility limit (i)	97,113	67,196
Santander Bank Polska S.A./working capital facility (ii)	-	20,220
Santander Bank Polska S.A./working capital facility (ii)	25,000	-
mBank S.A./working capital facility (iii)	-	50,089
BNB Paribas Bank Polska S.A./working capital facility (v)	1	6,968
BNB Paribas Bank Polska S.A./working capital facility (vi)	25,137	-
fixed interest rate:		
Shareholder loan agreement (iv)	27,368	28,035
Total	206,991	210,778

(i) Credit facility agreement – ING Bank Śląski S.A.

On October 19th 2015, the parent and ING Bank Śląski signed multi-facility agreement No. 882/2015/00000925/00, as amended. Maxgear Sp. z o.o. Sp.kom., a subsidiary, acceded to the agreement as joint and several debtor. The joint and several debtor agreed to pay all liabilities arising from the agreement. The amount of the credit limit is PLN 177,000 thousand, repayable by October 10th 2024. Within this limit, a sub-limit of PLN 40,000,000.00 was provided to the subsidiary. Security: (a) registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) of up to PLN 270m, (b) registered pledge over inventories of merchandise (spare car parts) owned by Auto Partner S.A., located at ul. Ekonomiczna 20, in Bieruń, Poland, of up to PLN 270m, (c) assignment of rights under the insurance policy covering the pledged inventories, (d) declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 270m, (e) declaration on voluntary submission to enforcement by Maxgear Sp. z o.o. Sp. z o.o. under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 270m, (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700,000.00.

(ii) Credit facility agreement – Santander Bank Polska S.A.

On September 26th 2016, the parent and Bank Zachodni WBK S.A. signed multi-facility agreement No. K00922/16, as amended. The multi-facility amount is PLN 65,000,000.00 (through the addition of a new revolving credit facility sub-limit of PLN 25,000,000 to finance day-to-day operations), repayable by March 31st 2023. The facility is secured with: a) registered pledge over all inventories of merchandise stored at the warehouses specified in the pledge agreement or other locations approved by the Bank, with a minimum value of PLN 97,500,000.00; b) assignment of receivables to the Bank under the insurance policy covering the pledged assets; c) subordination of claims under a loan provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000,000.00; d) registered pledge over trade receivables from trading partners, as per the list attached as an appendix to the pledge agreement, with a minimum amount of PLN 12,000,000.00; e) declaration on voluntary submission to enforcement of the Bank's claims arising under the agreement, made under Art. 777.1 of the Code of Civil Procedure, to be submitted to the Bank.

(iii) Credit facility – mBank S.A.

On October 22nd 2019, the Company and mBank S.A. signed an overdraft facility agreement No. 11/145/19/Z/VV, as amended. The amount of the facility is PLN 50,000,000.00, repayable by September 30th 2022. The credit facility is secured with: (a) a registered pledge over inventories of merchandise with a value of PLN 75m, (b) assignment of rights under an inventory insurance contract for the pledged inventories, (c) declaration on submission to enforcement by the Company under Art. 777.1.5 of the Code of Civil Procedure, up to PLN 75m, (d) subordination of claims under the loans provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000,000.00.

(iv) Shareholder loan agreement

On January 2nd 2014, the parent, Aleksander Górecki and Katarzyna Górecka signed a loan agreement, as amended, with the loan repayable by January 2nd 2024. The borrowing is not secured and bears interest at the rate of 5% per annum. The outstanding principal amount is PLN 26,700,000.00. The carrying amount of the loan as at June 30th 2022 included interest of PLN 668 thousand accrued for the period from January 1st 2022 to June 30th 2022.

(v) Credit facility agreement – BNP Paribas Bank Polska S.A.

On September 13th 2021, a multi-purpose facility agreement (subsequently amended) was signed with BNP Paribas Bank Polska S.A. of Warsaw. The Company was granted a multi-purpose facility, including an overdraft facility of up to PLN 30,000,000, to finance the day-to-day operations of Auto Partner S.A., repayable by September 12th 2023. Under the facility, a sub-limit of PLN 30,000,000 was provided to Maxgear Sp. z o.o. Sp.k. Collateral: 1) declaration by Auto Partner S.A. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 45,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 12th 2034; 2) declaration by Maxgear Sp. z o.o. Sp. kom. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 30,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; 3) registered pledge with the maximum security amount of PLN 45,000,000.00 over inventories of merchandise held by Auto Partner S.A. in its own and leased locations (not encumbered in favour of another pledgee), in accordance with a separate pledge agreement, with a total value of not less than PLN 36,000,000.00. Until the pledge is created, security in the form of assignment in favour of the Bank of the assets subject to the future pledge will remain in effect; 4) assignment of rights under an insurance policy in favour of the Bank in respect of the pledged assets, with the proviso that the sum insured may not be less than PLN 30,000,000.00; 5) agreement on subordination of the loan provided by Aleksander Górecki and Katarzyna Górecka under an agreement of January 2nd 2014 of up to PLN 26,000,000.00 to the facility.

(vi) Credit facility agreement – BNP Paribas Bank Polska S.A.

On January 24th 2022, the Company executed a revolving credit facility agreement with BNP Paribas Bank Polska S.A. of Warsaw. Under the agreement, a credit facility of PLN 25,000,000.00 (twenty-five million złoty) was advanced to finance the Company day-to-day operations, repayable by September 12th 2023. The credit facility is secured with: 1) a registered pledge with the maximum security amount of PLN 37,500,000.00 over inventories of the borrower's merchandise held at the borrower's branches, 2) the borrower's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of the contractual payment obligations, for up to PLN 37,500,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for January 30th 2023, 3) assignment of rights under an insurance contract for the pledged inventories in favour of the Bank, with the proviso that the sum insured may not be less than PLN 25,000,000.00, 4) an agreement on subordination of claims under the loans provided to the borrower by Katarzyna Górecka and Aleksander Górecki to the credit facility.

(vi) the Company discloses all overdraft facilities as current liabilities, regardless of the contract facility term.

21. Trade and other payables

21.1 Trade and other payables

	As at June 30th 2022	As at December 31st 2021
Trade payables due in up to 12 months	167,671	66,601
Taxes, customs duties, social security and other benefits payable	1,838	1,176
Liabilities arising from acquisition of property, plant and equipment and intangible assets	3,072	1,458
Other liabilities	157	150
	172,738	69,385
Non-current liabilities	-	-
Current liabilities	172,738	69,385
Total	172,738	69,385

The average payment period is 30-40 days. The Company has financial risk management policies in place to ensure timely payment of liabilities.

21.2 Contract and right-of-return liabilities

	As at June 30th 2022	As at December 31st 2021
Contract liabilities	682	413
Right-of-return liabilities (i)	21,608	15,180
Total	22,290	15,593

(i) Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Company estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period's turnover. Contract liabilities are liabilities under contracts with customers.

22. Financial liabilities under lease contracts

Finance liabilities under lease contracts relate mainly to leases of property, plant and equipment (rent/lease of property, warehouse facilities, equipment, hardware and vehicles).

Present value of lease liabilities	As at June 30th 2022	As at December 31st 2021
Current lease liabilities	34,779	32,331
Non-current lease liabilities	77,536	71,275
Total	112,315	103,606

IFRS 16 provides for exceptions to the lessee's general lease model for short-term leases and leases of low-value assets. In such cases, the Company does not recognise any right-of-use assets or lease liabilities. Provided below are the amounts expensed:

	Period ended June 30th 2022	Period ended June 30th 2021
Cost of short-term leases (i)	5,015	4,008
Cost of leases not disclosed due to the low value of underlying assets (ii)	742	377
Total	5,757	4,385

(i) The Company applies a practical expedient to short-term leases in the case of property lease contracts made for an indefinite period which may be terminated on a short notice, that is up to 12 months, which do not involve any special space adaptation or material barriers to exit, i.e. penalties for early termination of the contract, and the Company has the practical ability to lease such space on the market. Costs of some of the lease contracts are also re-charged to the cooperating affiliates.

(ii) The Company applies a practical expedient to leases of low-value assets, mainly small office and other equipment, such as printers, payment terminals, waste containers, etc.

For disclosures relating to depreciation of property, plant and equipment and amortisation of right-of-use intangible assets, see Notes 13 and 14. For information on the amount of interest, see Note 11.

23. Employee benefit obligations and provisions

	As at June 30th 2022	As at December 31st 2021
Salaries and wages payable	8,725	7,364
Social security and Employee Capital Plan obligations	8,728	7,264
Provision for accrued holiday entitlements (iii)	5,488	3,368
Provision for retirement and disability benefit obligations (iii)	453	609
Provision for obligations under the Incentive Scheme for 2021 (ii)	-	1,440
Provision for obligations under the Incentive Scheme for 2022 (iv)	3,500	-
Obligation under the Incentive Scheme for 2020 (i)	348	1,043
Obligation under the Incentive Scheme for 2019 (i)	-	134
	27,242	21,222
Long-term employee benefit obligations and provisions	1,405	887
Short-term employee benefit obligations and provisions	25,837	20,335
Total	27,242	21,222

(i) On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for Members of the Management Board of Auto Partner S.A. The purpose of the Scheme is to establish an incentive mechanism that will ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and introduce a mechanism whereby members of the Management Board would be rewarded for their contribution to the growth of the Company's value. The Incentive Scheme is addressed to members of the Management Board: Andrzej Manowski, Piotr Janta and Michał Breguła. However, the mandate of Michał Breguła expired on September 7th 2019, i.e., during the reference period. The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,360,000.00 during the term of the Scheme, i.e., from 2019 to 2021. The Supervisory Board of Auto Partner S.A. defined further details of the Incentive Scheme Rules for members of the Management Boards of Auto Partner S.A. by deciding that the bonuses to be paid to the eligible members of the Management Board are calculated on the basis of financial data without taking into account the effect of IFRS 16 Leases with regard to contracts that are classified as finance leases under IFRS 16 but were not treated as finance leases under IAS 17, i.e.:

– depreciation adjusted for the amount of depreciation charge under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;

– lease liabilities adjusted for the amount of lease liabilities under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;

– EBIT adjusted for the effect of taking to profit or loss of the costs related to contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17.

On June 29th 2020, based on the Rules of the Incentive Scheme of April 9th 2019, Resolution No. 3 of the Supervisory Board of April 3rd 2020, the audited full-year consolidated financial statements of the Auto Partner Group for the financial year 2019 as approved by the Annual General Meeting on June 19th 2020, and the settlement of the business objectives set out in the Rules, the Supervisory Board decided to grant the following bonuses to the Scheme participants, i.e., Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board:

Piotr Janta, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000 in 2022; Andrzej Manowski, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000.00 in 2022.

On May 28th 2021, the Supervisory Board of the Company – acting pursuant to Section 5 of the Remuneration Policy for members of the Management Board and Supervisory Board of Auto Partner S.A. adopted by the General Meeting on June 19th 2020, and pursuant to Section 5.3 of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board adopted by a resolution of the Supervisory Board on April 9th 2019 (the “Rules”), and based on the data contained in the audited consolidated financial statements of the Auto Partner Group for 2020 that were approved by the Annual General Meeting on May 27th 2021, and the verification of delivery of the business targets provided for in the Rules – decided to grant the following bonuses for 2020 to the Incentive Scheme participants Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board: Piotr Janta, Vice President of the Management Board was granted a bosus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023; Andrzej Manowski, Vice President of the Management Board, was granted a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023.

(ii) On September 10th 2021, the parent’s Supervisory Board passed a resolution to approve the rules of awarding an incentive bonus to members of the Management Board of Auto Partner S.A. for 2021. In connection with early delivery of the 2019–2021 targets set in the Rules of the Incentive Scheme of April 9th 2019, approved by Resolution No. 3 of the Company’s Supervisory Board of April 3rd 2019, in order to ensure continuity of the incentive system for members of the Management Board of Auto Partner S.A. in 2021, with the aim of the scheme being to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and reward their contribution to the shareholder value growth, the Supervisory Board approved the 2021 terms and conditions for awarding an incentive bonus to Andrzej Manowski, Vice President of the Management Board, of Piotr Janta, Vice President of the Management Board, linked to the amount of consolidated net profit of the Auto Partner Group for the financial year 2021. The total amount of bonuses paid in accordance with the rules set out in the Supervisory Board’s resolution will not exceed PLN 1,440,000 (one million, four hundred and forty thousand złoty).

On June 1st 2022, acting pursuant to Article 21.1 (n) of the Company’s Articles of Association, Section 5.1-6 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A., and Section 1.4 of the Supervisory Board Resolution No. 1 of September 10th 2021 on adoption of the rules for granting incentive bonuses to Auto Partner S.A. Management Board Members for 2021, providing for payment of additional remuneration for appointment to the Company’s Management Board, linked to the Company’s financial performance, and also based on the data presented in the audited consolidated financial statements of the Auto Partner Group for the financial year 2021, approved by Annual General Meeting on May 31st 2022, and the review of the business targets set in the resolution, the Supervisory Board of Auto Partner S.A. decided to grant Bonuses to the Eligible Persons: Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board, in the following amounts: Piotr Janta – Vice President of the Management Board: bonus of PLN 693,000 Andrzej Manowski – Vice President of the Management Board: bonus of PLN 693,000.

(iii) The Company is obliged to pay retirement and disability severance benefits. Any employee who reaches the retirement age of 65 for men and 60 for women is entitled to a severance payment upon retirement. The amount of the severance benefit is one month's salary. An employee who has acquired disability pension entitlements under social security due to permanent incapacity to work has a right to a disability severance payment. The amount of the disability severance payment is one month's salary. Provisions for employee benefits are calculated by an actuary. The provision for retirement and disability severance benefits was calculated with the projected unit method. The amount of future obligations is calculated as the accrued portion of future benefits, taking into account the projected increase in remuneration serving as the basis for the computation of future benefits. The calculation also reflects the probability of acquiring the entitlement to a one-off disability or retirement severance payment. The amount of the obligation for accrued holiday entitlements was calculated as the remuneration due for unused accumulating paid absences.

(iv) On September 10th 2021, the Company’s Supervisory Board passed a resolution to approve the Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A., providing for the payment for 2021 of additional remuneration for the appointment to the Company’s Management Board, linked to the Company’s financial performance. The

Scheme is intended for the following members of the Company's Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that would ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company's website https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen.The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the scheme.

The table below shows changes in provisions:

	Period ended June 30th 2022	Period ended June 30th 2021
Provision for accrued holiday entitlements	(2,120)	(2,412)
Provision for retirement and disability benefit obligations	156	(225)
Provision for obligations under the Incentive Scheme for 2019	134	270
Provision for obligations under the Incentive Scheme for 2020	695	2,433
Provision for obligations under the Incentive Scheme for 2021	1,440	(600)
Provision for obligations under the Incentive Scheme for 2022	(3,500)	-
Total	(3,195)	(534)

	As at December 31st 2021	recognised	reversed	used	As at June 30th 2022
Provision for accrued holiday entitlements	3,368	3,549	-	(1,429)	5,488
Provision for retirement and disability benefit obligations	609	-	(156)	-	453
Provision for obligations under the Incentive Scheme for 2019	134	-	-	(134)	-
Provision for obligations under the Incentive Scheme for 2020	1,043	-	-	(695)	348
Provision for obligations under the Incentive Scheme for 2021	1,440	-	(54)	(1,386)	-
Provision for obligations under the Incentive Scheme for 2022	-	3,500	-	-	3,500
	6,594	7,049	(210)	(3,644)	9,789

24. Provisions

	As at June 30th 2022	As at December 31st 2021
Provisions for warranty repairs	3,802	3,802
Other provisions	2,945	6,044
Total	6,747	9,846
including:		
Long-term provisions	-	-
Short-term provisions	6,747	9,846

25. Financial instruments

	As at June 30th 2022	As at December 31st 2021
Financial assets		
Measured at fair value through profit or loss:	-	-
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Measured at amortised cost:	273,018	239,620
Cash	*37,656*	*13,922*
Trade and other financial receivables	*225,368*	*215,059*
Share of profit receivables	*4,886*	*9,176*
Loans	*5,108*	*1,463*
Measured at fair value through other comprehensive income	-	-

Financial receivables excluded from the scope of IFRS 9 – finance lease receivables	103	217
Financial receivables excluded from the scope of IFRS 9 – shares	30,558	30,558
Financial liabilities		
Measured at fair value through profit or loss:	-	-
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Hedging derivatives	-	-
Measured at amortised cost:	378,416	279,250
Trade payables	*167,671*	*66,601*
Contract liabilities	*682*	*413*
Liabilities arising from acquisition of property, plant and equipment and intangible assets	*3,072*	*1,458*
Borrowings	*206,991*	*210,778*
Non-IFRS 9 financial liabilities – lease liabilities	112,315	103,606

Fair value

The Company recognises derivative financial instruments for which changes in fair value are attributable to changes in market conditions (i.e., exchange rate movements) as financial assets and liabilities measured at fair value through profit or loss. In the reporting period ended December 31st 2021 and June 30th 2022, the Company did not enter into any currency forwards.

In the opinion of the Management Board, the carrying amounts of financial assets and liabilities disclosed in these financial statements approximate their fair values.

26. Related-party transactions

All transactions with related parties are made on an arm's length basis.

Below are presented transactions with subsidiaries.

Sales of goods and services and other income	Period ended June 30th 2022	Period ended June 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	3,269	2,363
including:		
sales of goods	-	*9*
sales of services	3,062	*2,162*
re-charge of costs	207	*192*
AP Auto Partner CZ s.r.o.	9,805	8,228
including:		
sales of goods	*9,708*	*8,136*
sales of services	*87*	*67*
re-charge of costs	*10*	*25*
Total	13,074	10,591

Finance income	Period ended June 30th 2022	Period ended June 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	4,976	2,294
including:		
share of profit	*4,886*	*2,279*

corporate surety	*90*	*15*
AP Auto Partner CZ s.r.o.	36	41
including:		
interest on loan advanced	*31*	*29*
interest on finance lease	*5*	*12*
Total	5,012	2,335

Finance costs	Period ended June 30th 2022	Period ended June 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	(284)	(192)
including:		
corporate surety	*(284)*	*(192)*
Total	(284)	(192)

Purchase of goods and other purchases	Period ended June 30th 2022	Period ended June 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	251,014	139,790
including:		
purchase of goods	*251,014*	*139,790*
Total	251,014	139,790

Receivables	As at June 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	7,079	10,845
including:		
trade receivables	*2,193*	*1,669*
share of profit receivables	*4,886*	*9,176*
AP Auto Partner CZ s.r.o.	14,785	12,946
including:		
trade receivables	*13,164*	*11,280*
finance lease receivables	*103*	*212*
loan receivables	*1,518*	*1,454*
Total	21,864	23,791

Liabilities	As at June 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	42,630	1,416
including:		
trade payables	*42,630*	*1,416*

Total	42,630	1,416

Below are presented transactions with entities with personal links to members of the Management Board and the Supervisory Board and transactions with members of the management boards of the subsidiaries.

Sales of goods and services and other income	Period ended June 30th 2022	Period ended June 30th 2021
entities related to members of the Management Board and the Supervisory Board	75	-
including:		
sales of goods	*2*	*-*
re-charge of costs	*73*	*-*
members of management boards of subsidiaries	8	69
including:		
sales of goods	*-*	*27*
re-charge of costs	*8*	*42*
Total	83	69

Purchase of goods and services and other purchases	Period ended June 30th 2022	Period ended June 30th 2021
entities related to members of the Management Board and the Supervisory Board	884	694
including:		
purchase of services	*884*	*694*
members of management boards of subsidiaries	51	52
including:		
purchase of services	*51*	*52*
Total	935	746

Receivables	As at June 30th 2022	As at December 31st 2021
entities related to members of the Management Board and the Supervisory Board	86	5
members of management boards of subsidiaries	3	2
Total	89	7

Liabilities	As at June 30th 2022	As at December 31st 2021
entities related to members of the Management Board and the Supervisory Board	233	-
members of management boards of subsidiaries	7	7
Total	240	7

Below are presented transactions with and remuneration of members of the Management Board and the Supervisory Board.

Sales of goods and services and other income	Period ended June 30th 2022	Period ended June 30th 2021
Management Board members	15	15

including:		
re-charge of costs	*15*	*15*
Total	15	15

Receivables	As at June 30th 2022	As at December 31st 2021
Management Board members	165	217
Total	165	217

Salaries	Period ended June 30th 2022	Period ended June 30th 2021
Management Board members	3,813	2,989
Supervisory Board	68	59
Total	3,881	3,048

Obligation under the Incentive Scheme	As at June 30th 2022	As at December 31st 2021
Management Board members (Note 23)	348	1,177
Total	348	1,177

Loans received from shareholders are presented below.

Loans received	As at June 30th 2022	As at December 31st 2021
Shareholder loan (Note 20)	27,368	28,035
Total	27,368	28,035

Finance costs	Period ended June 30th 2022	Period ended June 30th 2021
Interest expense recognised	(668)	(668)
Total	(668)	(668)

27. Dividend

On March 28th 2022, the Management Board of the Company passed a resolution to request the Annual General Meeting ("AGM") to pay dividend for the financial year 2021. Pursuant to the resolution, the Management Board recommended payment to the Company's shareholders of dividend of PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty), i.e., PLN 0.15 (fifteen grosz) per share. At the meeting held on April 11th 2022, the Supervisory Board gave a favourable opinion on the Management Board's recommendation. At its meeting held on May 31st 2022, the Annual General Meeting passed a resolution granting the request, setting June 8th 2022 as the dividend record date. The dividend was paid on June 22nd 2022.

28. Contingent liabilities, future contract liabilities, sureties provided and received, and contingent assets

Bank guarantees:

– PLN 42 thousand bank guarantee No. KLG57699IN19 of March 1st 2019, provided in connection with commercial property lease contract of February 15th 2019, valid until May 6th 2024, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20

– PLN 2,000 thousand bank guarantee No. DOK3617GWB19KW of October 18th 2019, provided in connection with a distribution agreement (as amended), valid until December 31st 2022, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20

– PLN 652 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until August 31st 2023, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20

– PLN 190 thousand bank guarantee No. DOK2418GWB20TI of July 27th 2020, provided in connection with a contract for rent of property in Pruszków, valid until August 31st 2023, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 20.

- EUR 213 thousand bank guarantee No. DOK4042GWB21KW of October 13th 2021, provided in connection with a contract for rent of property in Poznań, valid until June 29th 2025, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 20.

– PLN 650 thousand bank guarantee No. DOK1141GWB22WS of March 25th 2022, provided in connection with a contract for rent of property in Mysłowice, valid until December 31st 2022, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 20.

– PLN 68 thousand bank guarantee No. DOK1330GWB22KW of April 12th 2022, provided in connection with a contract for rent of property in Tychy, valid until March 31st 2025, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 20.

Insurance policies

The Company took out insurance of its merchandise against theft, burglary and robbery, as well as insurance against fire and other natural calamities. If any of the insured risks materialises, the Company will receive relevant compensation from the insurer.

The Company took out insurance against the credit risk of some of its domestic and foreign customers. Under the policy, the Company is entitled to compensation for insured and unpaid receivables.

Tax liabilities

The tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. The tax authorities have control instruments enabling them to verify the tax bases (in most cases for the preceding five financial years) and to impose penalties and fines. As of July 15th 2016, the Tax Code also contains the General Anti-Abuse Clause (GAAR), which is intended to prevent the creation and use of artificial legal structures designed to avoid taxation. The GAAR should be applied both to transactions carried out after its entry into force and to transactions which were carried out before the entry into force of the GAAR but whose benefits have been or are still being realised after the date of its entry into force. Consequently, the determination of tax liabilities may require significant judgement, including with respect to transactions that have already taken place, and the amounts of tax expense presented and disclosed in the financial statements may change in the future as a result of audits by the tax authorities. Tax authorities have the right to carry out inspections within five years of the end of a year in which a tax return is submitted, and to impose additional tax liabilities, including interest and penalties. The Company was subject to inspections by tax authorities. In the Management Board’s opinion, there were no circumstances which could lead to material liabilities being imposed as a consequence of such inspections.

Undisclosed liabilities under contracts

The Company entered into contracts which will be classified as leases under IFRS 16, however the liabilities under the contracts are not disclosed as at the reporting date due to the failure to make the leased assets available for use by the Company by June 30th 2022. Assets covered by the contracts include a storage racking system, vehicles, hardware and property lease. As at June 30th 2022, the present value of future lease liabilities under the contracts was PLN 64,201 thousand.

29. Components of cash and reconciliation of cash to the statement of cash flows

	As at June 30th 2022	As at June 30th 2021
Cash in hand	1,211	1,217
Cash at banks	31,235	17,794
Cash in transit	5,210	5,642
Other cash	-	4
Total cash and cash equivalents in the statement of financial position	37,656	24,657
Effect of exchange rate movements on net cash in foreign currencies	70	(17)
Total cash and cash equivalents in the statement of cash flows	37,726	24,640
including restricted cash - Split Payment accounts	*377*	*170*

30. Events subsequent to the reporting date

1) August 17th 2022 saw the execution of Annex 2 to the bank guarantee of EUR 214 thousand of March 25th 2022 (No. DOK1141GWB22WS) issued in connection with a contract for property rental in Mysłowice. The guarantee expires on September 30th 2024 and has been issued as part of the credit facility provided under an agreement with Santander Bank Polska S.A.

2) On September 13th 2022, an investment credit facility agreement was signed with Credit Agricole Bank Polska Spółka Akcyjna of Wrocław. Under the agreement, an investment credit facility of PLN 10,000,000 (ten million złoty) will be advanced to the Company to finance and refinance its investment expenditure.

31. Impact of the COVID-19 pandemic on the Company's business

As for the declared state of the coronavirus pandemic and its consequences, in the first quarter of 2022 the Company did not identify any impediments to its business or any direct impact on its financial performance.

32. Impact of the Russian Federation's military invasion of Ukraine on the Company's business

Following the Russian invasion of Ukraine launched on February 24th 2022, the Management Board assessed the impact of this event on its operations, business continuity, financial condition and going concern assumption. The Company's exposure to the Ukrainian market is negligible, accounting for less than 0.5% of its monthly revenue. To manifest solidarity with Ukraine, the Company suspended its business on the Russian and Belarusian markets, closed all representative offices and discontinued the export of aftermarket parts to both Russia and Belarus. The Company's exports to the Russian and Belarusian markets account for 0.1% and 0.02%, respectively, of its monthly revenue. However, the Management Board notes that the event's impact on the overall economic situation may require revision of certain assumptions and estimates in the future. This, in turn, may necessitate significant adjustments to the carrying amounts of certain assets and liabilities in the next financial year. At present, given the continuing high uncertainty about how the situation will develop, the Management Board is not able to reliably estimate its impact on the Company's performance. The situation is highly unpredictable and therefore the current expectations may change in the coming quarters. In the long term, the situation may also affect the Group's trading volumes, cash flows and profitability. As at the issue date of this Report, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's operations, business continuity or financial condition. Moreover, the Management Board identified no threat to the Company's ability to continue as a going concern. The Management Board is monitoring the situation to the extent it could potentially affect the Group's business in future periods.

33. Authorisation of the interim condensed separate financial statements for issue

These interim condensed separate financial statements of the Company were authorised for issue by the Management Board on September 14th 2022.

III. Interim Directors' Report on the operations of the Group

1. The Company and the Group

Overview of the Group

The Group operates under the name of Auto Partner (the "Group"), with Auto Partner S.A. of Bieruń (the "Company") as the parent. Basic information on the parent is presented below:

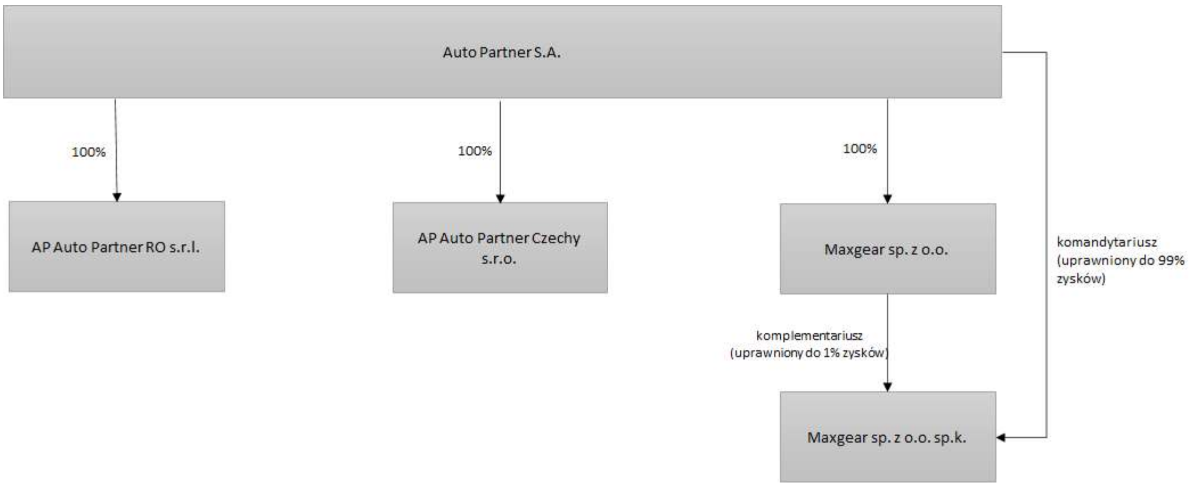
Registered office:	Bieruń
Legal form:	joint stock company
Country of incorporation:	Poland
Address:	ul. Ekonomiczna 20, 43-150 Bieruń
Tel./Fax:	+48 32 325 15 00 / +48 32 325 15 20
Email:	kontakt@autopartner.com
Website:	www.autopartner.com

As at June 30th 2022, in addition to the Parent, the Group included the following subsidiaries: Maxgear Spółka z ograniczoną odpowiedzialnością of Tychy (wholly-owned by the Parent), Maxgear Spółka z ograniczoną odpowiedzialnością spółka komandytowa of Bieruń (the Parent is a limited partner in the company, entitled to 99% of its profits), AP Auto Partner CZ s.r.o. of Prague, the Czech Republic (wholly-owned by the Parent), and AP Auto Partner RO s.r.l of Bucharest, Romania (wholly-owned by the Parent).

The companies are consolidated in the Group's financial statements on a full basis.

Apart from conducting its business involving the sale of automotive parts and accessories, the Company, as the parent, acts as the holding company in the Group and coordinates the operation of its subsidiaries and creation of a uniform trading, marketing, investment and credit policy for the Group.

The chart below presents the structure of the Group as at the reporting date, including all of the Company's subsidiaries.



Source: the Group.

Material subsidiaries of Auto Partner S.A.

Maxgear sp. z o.o.

Maxgear sp. z o.o., with its registered office at ul. Bałuckiego 4, 43-100 Tychy, Poland, is entered in the Register of Businesses at the National Court Register under No. 0000279190. The company's share capital amounts to PLN 50,000.00 and is divided into 100 shares with a par value of PLN 500 per share. The company is wholly owned by the parent, holding 100% of its shares and the right to exercise all voting rights at its General Meeting.

Maxgear sp. z o.o. is a general partner in Maxgear sp. z o.o. sp.k., which it represents and whose operations it manages. Maxgear sp. z o.o. does not carry out any operating activities. The Group's strategy provides for further brand value building. In this model, Maxgear sp. z o.o. is to continue as an entity representing Maxgear sp. z o.o. sp.k. and managing its operations.

Maxgear sp. z o.o. sp.k.

Maxgear sp. z o.o. sp.k., with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, is entered in the Register of Businesses at the National Court Register under No. 0000332893. Its general partner is Maxgear sp. z o.o. The Company is its limited partner, with the limited partner's contribution amount of PLN 20,000 and a 99% share in the company's profits. The right to the remaining 1% of profits is held by Maxgear sp. z o.o.

The company's business involves purchasing goods which are then sold by the Group under the Maxgear brand. Most of the goods are imported from Asia and then resold to the Company for further distribution.

AP Auto Partner CZ s.r.o.

AP Auto Partner CZ s.r.o., with its registered office in Prague, the Czech Republic, is incorporated under the Czech law and is responsible for the Group's operations in the Czech market. AP Auto Partner CZ s.r.o. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting. AP Auto Partner CZ s.r.o. is engaged in sales in the Czech market through a warehouse in Prague.

AP Auto Partner RO s.r.l.

AP Auto Partner RO s.r.l., with its registered office in Bucharest, Romania, is incorporated under the Romanian law and is to be responsible for the Group's operations in the Romanian market. AP Auto Partner RO s.r.l. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting. The Group intends to use the company as a platform for expansion of its warehouse facilities and sales in this market.

2. Basis of preparation of the half-year condensed consolidated financial statements; description of key threats and risks relating to the six months remaining to the end of the financial year

Basis of preparation of the half-year condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared in accordance with IAS and IFRS; the policies are described in Note 2 to the interim condensed consolidated financial statements.

In its half-year consolidated report the Company has included interim condensed separate financial statements containing the information required under Par. 62.3 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

Description of key threats and risks relating to the six months remaining to the end of the financial year

The Management Board has identified the following risks related to its operations:

- Risk of changes in the bonus policies applied by spare parts suppliers (manufacturers)
- Risk related to unsuccessful strategy implementation or adoption of a wrong development strategy
- Risk of a decline in demand for certain goods offered by the Company
- Risk related to the structure of the Group's debt
- Currency risk
- Risk related to the concentration of stocks (merchandise) in the central warehouse
- Risk related to the loss of key personnel and inability to hire qualified workforce
- Risk related to the IT system
- Risk related to the operation of the Group's main warehouse

Another significant risk in the Company's business environment is currently the risk associated with the coronavirus pandemic. The management of the Company believes that the situation does not pose any threat to the Company continuing as a going concern, and therefore the financial statements have been prepared on the assumption that the Company and the Group will continue as going concerns for at least 12 months from the reporting date.

At present, the Company has not identified any significant risks other than those specified above. In particular, as at the date of issue of these financial statements, the Company did not identify any credit or liquidity risks, or risks related to the availability of financing or breach of financial covenants. The Company's financial condition is stable, with cash and available credit limits providing a safety buffer. In the medium and long term, depending on how the situation develops, the Company, in consultation with the financing banks, will adjust the credit limits to the current needs and the value of the collateral it may provide. Operating decisions will also be made on an ongoing basis, including in relation to operating costs, to maintain an appropriate level of profitability and thus meet the financial covenants provided for in the agreements with banks.

As at the date of issue of this Report, the Company did not identify any risks related to the valuation of non-financial assets (in particular inventories) or the delivery of purchased goods. There were no significant delays in deliveries or problems in placing or executing contracts.

The Management Board of the Company assesses and manages the Company's business risks on an ongoing basis. The Management Board is responsible for monitoring and identifying the risks. The enterprise risk management process is carried out by the Management Boards of individual Group companies.

3. Key events related to the Company in the six months ended June 30th 2022

- On January 10th 2022, the Issuer entered into an agreement with Global One Automotive GmbH of Frankfurt whereby it advanced a EUR 750 thousand loan to Global One. The loan bears interest at 4.5%. The agreement was concluded for a definite term until June 30th 2022. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).
- On January 24th 2022, the Company executed a revolving credit facility agreement with BNP Paribas Bank Polska S.A. of Warsaw. Under the agreement, the Company was granted a revolving credit facility of PLN 25,000,000.
- On January 29th 2022, the Company executed an amendment to the multi-facility agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of September 26th 2016. Under the amendment, the multi-facility limit was increased from PLN 40,000,000 up to a maximum amount of PLN 65,000,000 by adding a new revolving facility sub-limit of PLN 25,000,000 to finance the Company's day-to-day operations.
- On March 2nd 2022, the Company executed an amendment to the reverse factoring agreement of March 29th 2019 with Santander Factoring Sp. z o.o. The amendment extended the effective term of the agreement for the following year, i.e., until March 31st 2023, and amended the definition of the base rate for debt in USD.
- On March 15th 2022, the Company executed an amendment to the multi-purpose facility agreement of September 13th 2021 with BNP Paribas Bank Polska S.A. Under the amendment, the multi-purpose facility limit (including an overdraft facility) was increased up to a maximum amount of PLN 30,000,000 to finance Auto Partner S.A.'s day-to-day operations.
- On March 29th 2022, the Company executed an amendment to the multi-product facility agreement of October 19th 2015 with ING Bank Śląski S.A. of Katowice. The amendment increased the amount of the multi-product limit to PLN 177,000,000. Proceeds of the facility will be used to finance the Company's working capital in connection with continued fast growth of Auto Partner S.A.
- On May 31st 2022, the Annual General Meeting passed a resolution on the payment of dividend for 2021. The resolution was adopted in accordance with the Management Board's recommendation of March 28th 2022: payment of PLN 19,593,000 (PLN 0.15 per share) as dividend to the Company's shareholders. The dividend record date is set for June 8th 2022 and the dividend payment date – for June 22nd 2022.
- On June 1st 2022, acting pursuant to Article 21.1 (n) of the Company's Articles of Association, Section 5.1-6 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A., and Section 1.4 of the Supervisory Board Resolution No. 1 of September 10th 2021 on adoption of the rules for granting incentive bonuses to Auto Partner S.A. Management Board Members for 2021, providing for payment of additional remuneration for appointment to the Company's Management Board, linked to the Company's financial performance, and also based on the data presented in the audited consolidated financial statements of the Auto Partner Group for the financial year 2021, approved by Annual General Meeting on May 31st 2022, and the review of the business targets set in the resolution, the Supervisory Board of Auto Partner S.A. decided to grant bonuses to the eligible persons: Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board, in the following amounts:
  Piotr Janta – Vice President of the Management Board: bonus of PLN 693,000
  Andrzej Manowski – Vice President of the Management Board: bonus of PLN 693,000.
- On June 1st 2022, the Annual General Meeting of Maxgear Sp. z o.o., acting pursuant to Resolution No. 1 of the General Meeting of September 10th 2021 on the rules of granting an incentive bonus to members of the Management Board of MAXGEAR Spółka z o.o. for 2021, providing for payment of additional remuneration for appointment to the company's

Management Board, linked to the financial performance of the Auto Partner Group, granted a bonus to the Management Board Members covered by the scheme for the performance recorded in 2021.

- The number of branches increased to 113 after seven new branches opened in the six months to June 30th 2022.

4. Impact of COVID-19 and the war in Ukraine on the Group's operations and financial results

As regards the consequences of the coronavirus pandemic, in the first half of 2022 the Group did not identify any impediments to its business or any direct impact on its financial performance.

5. Changes in the Group's key management policies

In the reporting period, there were no material changes in the policies applied in the management of Auto Partner S.A. and the Auto Partner Group, and no changes in the organisation of the Group, including changes resulting from a business combination, acquisition or loss of control of a subsidiary or a long-term investment, demerger, restructuring or discontinuation of business.

6. Management Board' position on the feasibility of published forecasts

The Management Board did not publish any forecasts of the Company's or the Group's results for 2022.

7. Shareholders holding 5% or more of total voting rights in the Company

In the period from the issue of the extended consolidated report for the three months ended March 31st 2022 (May 24th 2022) to the date of issue of this Report (September 15th 2022), there occurred the following changes in the large holdings of Company shares:

On June 1st 2022, the Company received a notification given under Art. 69.1.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, from Aegon Powszechne Towarzystwo Emerytalne S.A. of Warsaw, on the decrease in the holding of Company shares by Aegon Otwarty Fundusz Emerytalny to less than 5% of total voting rights at the Company.

To the Company's best knowledge, the shareholders holding 5% or more of total voting rights as at September 15th 2022 (the issue date of this Report) were as follows:

Shareholder	**Number of shares held**	**Number of votes at GM**	**% ownership interest**	**Percentage of total voting rights held**
Aleksander Górecki	28,383,577	28,383,577	21.73%	21.73%
Katarzyna Górecka	33,560,681	33,560,681	25.69%	25.69%
Otwarty Fundusz Emerytalny Złota Jesień (OFE PZU)	8,617,124	8,617,124	over 5%*	over 5%*
Nationale Nederlanden Powszechne Towarzystwo Emerytalne S.A.	13,062,403	13,062,403	10.0003%	10.0003%

* In the most recent notification, received by the Company on April 10th 2017, Otwarty Fundusz Emerytalny Złota Jesień (OFE PZU) reported that it held 8,617,124 Company shares, which, according to the Company's calculations based on the current share capital amount, currently represent 6.622% of total voting rights.

8. Total number and par value of Company shares held by the Company's management and supervisory staff (for each person separately)

To the best of the Company's knowledge, in the period from the issue of the extended consolidated report for the three months ended March 31st 2022 (May 24th 2022) to the date of issue of this Report (September 15th 2022), no changes occurred in the holdings of Company shares by members of the Company's Management and Supervisory Boards.

The table below presents holdings of members of the Management Board and the Supervisory Board as at the issue date of this Report, as per representations received from the persons concerned.

Full name	Position	Number of Company shares held	Par value of the shares (PLN)
Aleksander Górecki	President of the Management Board	28,383,577	2,838,357.70
Andrzej Manowski	Vice President of the Management Board	375,000	37,500.00
Piotr Janta	Vice President of the Management Board	210,000	21,000.00
Jarosław Plisz	Chairperson of the Supervisory Board	20	2.00
	total:	**28,968,597**	

Source: the Group.

9. Material court, arbitration and administrative proceedings

As at the issue date of this Report, no material proceedings were pending in relation to any liabilities or claims of the Company or any of its subsidiaries.

10. Related-party transactions executed by the Company or its subsidiaries on non-arm's length terms

The Group companies enter into related-party transactions exclusively on an arm's length basis. For detailed information on related-party transactions, see Note 27 to the interim condensed consolidated financial statements and Note 4 to the interim condensed separate financial statements.

11. Significant sureties and guarantees (received and issued), including in particular sureties and guarantees issued to and received from related entities

In the six months ended June 30th 2022, the Company and its subsidiaries did not issue any sureties for borrowings or any guarantees to a single entity or such entity's subsidiary where the total amount of outstanding sureties or guarantees for such entity would be significant.

12. Other information relevant to the assessment of the Company's and the Group's workforce, assets, financial position and profit or loss as well as the Group's ability to meet its obligations

12.1. Overview of key products, goods and services

The Group is a specialised logistics operator whose principal business activity consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. It imports and distributes parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and European Union directives. The Group operates as a platform for sale, mainly via electronic channels, and supply logistics of spare parts, which are delivered on a just-in-time basis to distributed customers: repair workshops and stores.

The Group offers a wide range of spare parts. The key product category is spare parts for European, Japanese and Korean cars.

The Group is also consistently expanding its sales of parts for motorcycles and motor scooters, and operates in the area of distribution of tools and equipment for repair shops. It also offers specialist training to its customers to improve their qualifications. Since 2016, the Group has also been actively developing its independent repair workshop brand of MaXserwis, which brings together the cooperating businesses.

The Group's sales by product group:

	for 6 months ended			
	June 30th 2022		June 30th 2021	
PRODUCT GROUP	**sales [PLN ‘000]**	**% ownership interest**	**sales [PLN ‘000]**	**% ownership interest**
Suspension	226,318	16.6%	186,021	17.3%
Brakes	194,112	14.3%	156,688	14.6%
Drivetrain	174,537	12.8%	126,936	11.8%
Electrical systems	125,039	9.2%	110,607	10.3%
Consumables/ accessories	123,607	9.1%	93,386	8.7%
Engine – consumables	121,413	8.9%	96,750	9.0%
Engine – repairs	110,616	8.1%	85,274	7.9%
Filters	75,181	5.5%	59,117	5.5%
Equipment for repair workshops	38,868	2.9%	29,128	2.7%
Exhaust system	36,958	2.7%	26,881	2.5%
Body	21,331	1.6%	15,742	1.5%
Air conditioning system	21,081	1.5%	17,852	1.7%
Hydraulic parts	19,727	1.4%	16,171	1.5%
Engine cooling system	17,034	1.3%	12,654	1.2%
Other	15,101	1.1%	11,577	1.1%
Turbochargers	14,199	1.0%	9,591	0.9%
Lines	8,870	0.7%	7,355	0.7%
Lighting	7,816	0.6%	4,838	0.5%
Wheel and wheel parts	5,337	0.4%	4,491	0.4%
Heating and ventilation	3,762	0.3%	3,602	0.3%
Total	**1,360,907**	**100.0%**	**1,074,661**	**100.0%**
IAS adjustments, security deposits, other	-15,697		-12,752	
Total – revenue from sale of merchandise	**1,345,210**		**1,061,909**	

Source: the Group.

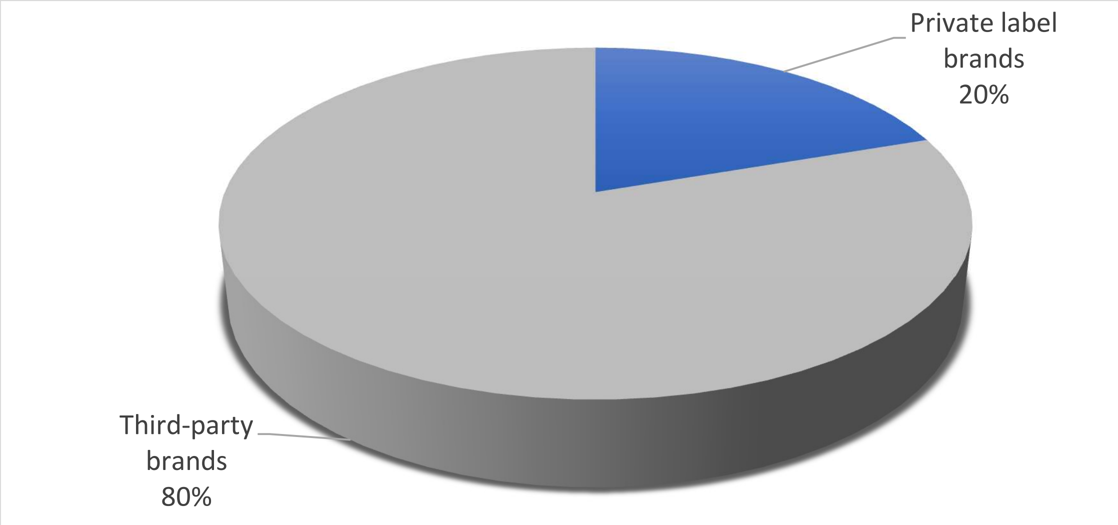
Private label brands

The Group's leading private label brand is MaXgear. It includes high-margin products comparable to those offered by known European suppliers, such as Hans Pries, Febi, and Vaico. Under the MaXgear brand, the Group offers products in all product groups. The Group also offers private label brands and brands distributed on an exclusive basis: Quaro, comprising braking system parts, Rooks, covering workshop equipment, and Rymec, specialising in drivetrain systems.

The Group seeks to maximise the quality of the products it sells under private label brands. The success of those efforts is confirmed by the complaint rate, which does not deviate much from those reported by quality leaders, as evidenced by, for example, the range of brake products. The Group seeks to further reduce the complaint rate by reviewing the production facilities on an ongoing basis and selecting appropriate automotive part suppliers.

The Group is also gradually expanding its sales of premium segment private label brands and brands for which it is the exclusive distributor. Thanks to the product diversification and the development of proprietary brands, the Company is able to grow in a stable way and achieve greater sales profitability than in the case of the broad market brands.

Share of private label brands in total sales



Source: the Group.

12.2. Overview of the Group's geographical markets

Currently, the Group's core market is the domestic market. However, the share of revenue generated by export sales, executed mainly through deliveries directly from the central warehouse and the hub in Pruszków, is growing. The Group currently supplies customers in Germany, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Kosovo, Lithuania, Latvia, Estonia, Ukraine, the Netherlands, Belgium, Luxemburg, Denmark, Finland, France and Italy.

Revenue structure by domestic and export sales:

	Period ended June 30th			
	2022		2021	
	PLN '000	share [%]	PLN '000	share [%]
Sales of merchandise – Poland	669,776	49.7%	580,631	54.6%
Sales of merchandise – EU	666,385	49.5%	474,461	44.6%
Sales of merchandise – other exports	9,050	0.7%	6,817	0.6%
Sales of services – Poland	400	0.0%	323	0.0%
Sales of services – EU	908	0.1%	680	0.1%
Total	**1,346,519**	**100%**	**1,062,912**	**100.0%**

Source: the Group, consolidated financial statements.

The strong increase in the Group's export sales in recent years was achieved as a result of intensified efforts in this area, and the Group still sees significant export growth potential in the coming years.

12.3. Projected development of the Group

All companies of the Auto Partner Group pursue a common and uniform growth strategy. The Group's strategy is to ensure sustainable growth of the shareholder value by further expanding the scale of its business, increasing the market share, and strengthening the market position, while focusing on business process efficiency in order to achieve attractive margins.

The Management Board has defined four main strategic objectives for the Group:

1. growth of the business scale,
2. further product diversification,
3. further increase in profitability,
4. Expansion into new markets.

Growth of the business scale

The Group intends to implement a programme to expand the network of own branches and to regularly take measures to optimise its economic efficiency. The Group's objective is to provide customers in Poland with access to a distribution network capable of making deliveries more than once a day. In line with the expansion of the branch network, regional logistics and storage centres are established, which significantly improve the efficiency of distribution across Poland, and can also be used to efficiently supply selected foreign markets. The Group recognises the growing market need to minimise spare parts delivery times between the distributor and the workshop. To address this need, the Company is currently planning an additional increase of the storage area at the logistic centres in Bieruń and Pruszków. In the second half of 2022, work on the launch of a logistics and warehousing centre in Poznań is planned to be completed. The Company is also considering the establishment of another logistics and warehousing centre.

Expansion into foreign markets is another way to accelerate growth of the business.

Since the end of 2017, the Group has conducted sales activities through its first foreign branch, operated by the subsidiary AP Auto Partner CZ s.r.o. Located in Prague, the Czech Republic, the subsidiary aims to expand its customer base to include repair workshops.

The Group is currently analysing further foreign markets where it intends to intensify its activities.

Further product diversification

Further steps in the Group development will involve continued expansion of its portfolio of spare parts.

By joining the Global One Automotive Group in 2017, the Group obtained access to the offering of key suppliers in the spare parts sector, whose products had not been available at its warehouses.

Further increase in profitability

One part of the strategy for further growth of the Group's profitability is continued brand value building for the private label product brands based on experience gained in the development of the MaXgear brand. The adopted strategy led to the introduction of new proprietary brands and brands offered on an exclusive basis: Quaro, comprising braking system parts, Rymec, specialising in drivetrain parts, and Rooks, covering workshop equipment.

In addition, the profitability growth will be supported by the increasing business scale, translating into further improvement of the terms of cooperation with automotive part suppliers. Another aspect with a bearing on profitability is the bonus obtained through the Global One procurement group.

The Group also intends to continue its effective cost control policy by improving and developing its IT solutions and business processes.

12.4. Current and projected financial position – factors and events, including of a non-recurring nature, having a material bearing on the condensed financial statements

The analysis of the Group's financial and operating position was conducted on the basis of the IFRS-compliant separate and consolidated financial statements for the first half of 2022.

The table below presents selected items of the consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	For 6 months ended June 30th consolidated financial statements		
	2022	2021	2020
	PLN '000	PLN '000	PLN '000
Revenue	1,346,519	1,062,912	767,773
Gross profit	403,428	303,726	217,403
Operating profit	136,538	117,956	61,879
Profit before tax	127,002	115,624	56,168
Net profit	102,759	93,365	45,284

Source: the Group, consolidated financial statements.

Revenue

Revenue from sales of merchandise accounted for 99.9% of total revenue in the six months ended June 30th 2022, which is due to the nature of the Group's business. Revenue from sale of merchandise includes revenue from sales of suspension and steering system parts, braking system parts, shock absorbers and springs, filters, fuel system parts, seals and engine parts, drive belts and rollers, electrical systems, cooling and air-conditioning parts, lines, wires, bands, oils and car chemicals, wipers, exhaust systems, and accessories. Revenue from rendering of services included revenue from sales of training, transport and rental services.

In the six months ended June 30th 2022, the Group's revenue was PLN 1,346,519 thousand, up 26.7% year on year. Foreign sales grew 40.3%, with a strong 15.4% growth also recorded for domestic sales.

The higher revenue was achieved thanks to an effective pricing policy and business expansion, and particularly by: (i) expanding the product mix, (ii) better matching the product mix with the needs of customers in various price segments, (iii) steadily optimising and improving customer service.

Gross profit (loss)

In the six months ended June 30th 2022, the Group's gross profit was PLN 403,428 thousand, up 32.8% year on year.

The Group managed to maintain a strong gross margin despite a growing share of export sales, which deliver lower gross margins but, at the same time, generate lower operating expenses.

Operating profit (loss)

The Group's operating profit in the six months ended June 30th 2022 was PLN 136,538 thousand, a 15.8% increase year on year.

Its growth was driven by a higher gross margin, but a clear impact of rising inflation on costs can also be seen.

It should also be remembered that the year-on-year comparative baseline is low for operating expenses (and thus high for EBIT) due to the effect (of PLN 8,855 thousand) of grants received from the Provincial Labour Office of Katowice to subsidise the remuneration for employees not covered by any furlough, economic downtime or reduced amount of working time due to the decline in turnover caused by the COVID-19 pandemic. The grants were received under Art. 15gg of the Act on special arrangements to prevent, counteract and combat covid-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz.U. of 2020, item 374, as amended).

Net of the effect of the grants, the year-on-year increase (%) in operating profit would be higher, corresponding to the increase in revenue, which means that the EBIT margin was maintained at the level recorded in the first half of 2021.

Net profit (loss)

In the six months ended June 30th 2022, the Group posted net profit of PLN 102,759 thousand, up 10.1% year on year. Apart from the factors described above, net profit and net margin were affected by significantly higher finance costs resulting from steep increases in interest rates. As a result, net of the effect of the grants received in the first half of 2021, the net margin fell slightly year on year.

Size and structure of assets

The table below presents the Group's assets as at the dates indicated.

	As at June 30th 2022 consolidated financial statements	As at December 31st 2022 consolidated financial statements
	PLN '000	PLN '000
Non-current assets	**224,961**	**194,702**
Current assets	**1,117,461**	**1,008,068**
Inventories and right-of-return assets	827,572	749,365
Trade and other receivables	242,945	241,534
Other assets	3,943	233
Cash and cash equivalents	43,001	16,936

Total assets	**1,342,422**	**1,202,770**

Source: the Group, consolidated financial statements.

As at June 30th 2022, the Group's total non-current assets increased by PLN 30,259 thousand, or 15.5% on the end of 2021. In the first half of the year the Group mainly incurred expenditure on ongoing replacements and upgrades of property, plant and equipment, which included partial replacement of the car fleet, upgrade of the storage facilities, development and extension of the facilities' infrastructure and investments in IT licences and infrastructure.

As at June 30th 2022, inventories (including right-of-return assets) amounted to PLN 827,572 thousand, up 10.4% on the end of the previous year.

At the same time, trade and other receivables rose by 0.6%. An increase in receivables was driven by a higher value of sales and there was also a decline in receivables compared with the end of the previous year following the settlement of annual turnover bonuses with suppliers.

Sources of capital

The table below presents the Group's equity and liabilities as at the dates indicated.

	As at June 30th 2022 consolidated financial statements	As at December 31st 2022 consolidated financial statements
	PLN '000	PLN '000
Equity	**738,495**	**655,496**
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Other capital reserves	1,251	1,418
Retained earnings	617,883	534,717
Liabilities	**603,927**	**547,274**
Bank borrowings, other financial liabilities	261,956	262,824
Lease liabilities	113,771	105,119
Trade payables and right-of-return liabilities	167,825	110,471
Other liabilities other than trade payables	60,375	68,860
Total equity and liabilities	**1,342,422**	**1,202,770**

Source: the Group, consolidated financial statements.

Equity

As at the end of June 2022, equity accounted for 55.0% of the Group's total equity and liabilities and amounted to PLN 738,495 thousand. Equity grew 12.7% in the reporting period, mainly due to the current period's net profit of PLN 102,759thousand, partly offset by the payment of dividend for 2021, of PLN 19,593 thousand.

Liabilities

As at the end of June 2022, the Group's liabilities represented 45.0% of total equity and liabilities and amounted to PLN 603,927 thousand. The largest items of the Group's liabilities as at the end of June 2022 were interest-bearing liabilities (bank borrowings, reverse factoring and leases), representing 62.2% of total liabilities, and trade payables, representing 27.8% of total liabilities.

Liquidity

In the six months ended June 30th 2022, the main sources of external financing for the Company and the Group were: (i) financing provided in the form of credit facilities (working capital facilities and revolving credit facilities), (ii) shareholder loans, (iii) leases, (iv) reverse factoring arrangements.

The Group expects that the funding sources referred to above will continue to be its main sources of external financing in the near future. In addition, in justified cases, the Group may also consider raising financing through the issue of shares and debt securities (bonds) to a broader group of investors on the capital markets.

The table below presents selected data from the consolidated statement of cash flows for the six months ended June 30th 2022.

	For 6 months ended June 30th consolidated financial statements	
	2022	2021
Net cash from operating activities	96,211	16,985
Net cash from investing activities	(21,131)	(6,316)
Net cash from financing activities	(48,953)	504
Total net cash flows	**26,127**	**11,173**
Cash and cash equivalents at beginning of period	16,936	21,206
Effect of exchange rate movements on net cash in foreign currencies	(62)	22
Cash and cash equivalents at end of period	**43,063**	**32,379**

Source: the Group, consolidated financial statements.

Financial metrics

In describing the Group's financial position, the Company uses alternative performance measures (APMs). The Management Board believes that the selected APMs provide valuable additional (apart from the data in the financial statements) information on the Group's financial and operating position, and facilitate analysis and assessment of the Group's financial performance in the reporting periods.

The definitions of the measures used by the Group in the reporting process are provided below. Selection of the APMs was preceded by an analysis of their suitability for providing useful information to investors about the financial position, cash flows and financial efficiency, and the Company believes that the selected APMs enable an optimum assessment of those aspects.

Attention should be paid to the effect of change in the presentation of estimates of trade discounts due from suppliers on the value of trade receivables and payables, and thus on the value of selected ratios concerning some of the previous periods. The presentation is changed starting from the financial statements for 2020, prepared as at December 31st 2020. The data as at the previous reporting dates, used to calculate the ratios, have been restated accordingly, resulting in changes in the ratios relative to those published in previous financial statements. The other presentation change concerned employee benefit obligations. The change was first made in the financial statements as at June 30th 2020, as discussed in the note stated above, with data as at the previous reporting dates restated for ratio calculation purposes.

Profitability metrics

The profitability metrics presented below were calculated on the basis of financial data from the consolidated statement of profit or loss and other comprehensive income for the six months ended June 30th 2022.

The tables below present the Group's profitability metrics for the periods indicated.

	For 6 months ended June 30th consolidated financial statements		
	2022	2021	2020
	PLN '000	PLN '000	PLN '000
EBITDA (PLN '000)[1]	151,856	130,491	73,210
Gross margin (%)[2]	30.0	28.6	28.3
EBITDA margin (%)[3]	11.3	12.3	9.5
EBIT margin (%)[4]	10.1	11.1	8.1

Pre-tax profit margin (%)[5]	9.4	10.9	7.3
Net profit margin (%)[6]	7.6	8.8	5.9

Source: the Group.

(1) *The Group defines and calculates EBITDA as operating profit (loss) before depreciation and amortisation.*
(2) *Gross margin is defined as the ratio of gross profit (loss) for the reporting period to revenue for the period.*
(3) *EBITDA margin is defined as the ratio of EBITDA for the reporting period to revenue for the period.*
(4) *EBIT margin is defined as the ratio of operating profit (loss) for the reporting period to revenue for the period.*
(5) *Pre-tax profit margin is defined as the ratio of pre-tax profit for the reporting period to revenue for the period.*
(6) *Net profit margin is defined as the ratio of net profit for the period to revenue for the period.*

	For 6 months ended June 30th consolidated financial statements		For year consolidated financial statements	
	2022	2021	2021	2020
	PLN ’000	PLN ’000	PLN ’000	PLN ’000
ROE [1] (%)	29.7	36.0	32.7	26.0
ROA [2] (%)	16.3	21.3	18.7	14.4

Source: the Group.

(1) *The Group defines and calculates ROE by dividing net profit for the period (annualised) by average equity (calculated as the arithmetic mean of equity as at the end of the previous period and as at the end of the reporting period)*
(2) *The Group defines and calculates ROA by dividing net profit for the period (annualised) by average assets (calculated as the arithmetic mean of total assets as at the end of the previous period and as at the end of the reporting period).*

The Group's efficiency metrics

The Group’s efficiency metrics presented below were calculated on the basis of financial data derived from the consolidated statement of profit or loss and other comprehensive income for the first six months of 2022 and the consolidated statement of financial position as at June 30th 2022.

The table below presents the Group’s efficiency metrics for the periods indicated.

	As at consolidated financial statements			
	June 30th 2022	June 30th 2021	December 31st 2021	December 31st 2020
	days	days	days	days
Inventory turnover period (days)[1*]	151	131	141	147
Average collection period (days)[2]	33	27	30	27
Average payment period (days)[3]	27	29	23	27
Cash conversion cycle[4]	157	128	148	147

Source: the Group.

(1) *The Group defines and calculates the inventory turnover period as the ratio of average sum of inventories and right-of-return assets (calculated as the arithmetic mean of the balance as at the end of the previous period and as at the end of the reporting period) to cost of sales in the period, multiplied by the number of days in the period.*

(2) The Group defines and calculates the average collection period as the ratio of average trade and other receivables (calculated as the arithmetic mean of trade and other receivables as at the end of the previous period and as at the end of the reporting period) to revenue in the period, multiplied by the number of days in the period.
(3) The Group defines and calculates the average payment period as the ratio of average trade and other payables and right-of-return liabilities (calculated as the arithmetic mean of trade and other payables as at the end of the previous period and as at the end of the reporting period) to cost of sales in the period, multiplied by the number of days in the period.
(4) The Group defines and calculates the cash conversion cycle as the sum of the inventory turnover period and average collection period less average payment period.

The Group's debt ratios

The Group's debt ratios presented below were calculated on the basis of the consolidated statement of financial position as at June 30th 2022.

The table below presents the Group's debt ratios.*

	As at consolidated financial statements			
	June 30th 2022	June 30th 2021	December 31st 2021	December 31st 2020
	PLN '000	PLN '000	PLN '000	PLN '000
Total debt ratio (%)[1]	45.0	42.6	45.5	38.9
Long-term debt ratio (%)[2]	17.4	9.4	15.0	11.5
Short-term debt ratio (%)[3]	27.6	33.2	30.5	27.4
Equity-to-debt ratio (%)[4]	122.3	135.0	119.8	157.3

Source: the Group.

(1) The Group defines and calculates the total debt ratio as the ratio of total liabilities as at the reporting date to total assets as at the reporting date.
(2) The Group defines and calculates the long-term debt ratio as the ratio of non-current liabilities as at the reporting date to total assets as at the reporting date.
(3) The Group defines and calculates the short-term debt ratio as the ratio of current liabilities as at the reporting date to total assets as at the reporting date.
(4) The Group defines and calculates the equity-to-debt ratio as equity as at the reporting date to total liabilities as at the reporting date.

Liquidity ratios

The Group's liquidity ratios were calculated on the basis of financial data derived from the consolidated statement of financial position as at June 30th 2022.

The table below presents the Group's liquidity ratios.

	As at consolidated financial statements			
	June 30th 2022	June 30th 2021	December 31st 2021	December 31st 2020
	PLN '000	PLN '000	PLN '000	PLN '000
Current ratio[1]	3.02	2.52	2.75	2.97
Quick ratio[2]	0.78	0.66	0.70	0.70
Cash ratio[3]	0.13	0.10	0.05	0.10

Source: the Group.

(1) The Group defines and calculates the current ratio as the ratio of current assets as at the reporting date to current liabilities as at the reporting date.

(2) *The Group defines and calculates the quick ratio as the ratio of total current assets less inventories and right-of-return assets as at the reporting date to current liabilities as at the reporting date.*
(3) *The Group defines and calculates the cash ratio as the ratio of cash and cash equivalents plus current financial assets as at the reporting date to current liabilities as at the reporting date.*

12.5. Workforce

As at the end of June 2022, the Group had 2,297 employees, more by 155 (6.7%) compared with the end of 2021, when the Group had 2,142 employees.

The table below presents the Group's workforce by type of employment:

Type of employment	As at June 30th 2022	As at December 31st 2021
Employment contract	2,227	2,112
Civil-law contract for specified activity	70	29
Civil-law contract for specified work	0	1
Total	**2,297**	**2,142**
Average workforce	2,178	1,957

Source: the Group.

The table below presents the Group's workforce by area:

Area	As at June 30th 2022	As at December 31st 2021
Management and administration	126	113
Sales and marketing	890	867
Logistics and storage	1,281	1,162
Total	**2,297**	**2,142**

Source: the Group.

13. Factors that, in the Company's opinion, will have an impact on the Group's results in the next quarter or in and beyond the next quarter

The following factors will have an impact on the Group's performance in the future periods:

- Establishment of a new logistics and warehousing centre in Poznań under a warehouse space lease contract signed with MLP Poznań West II Sp. z o.o. of Pruszków on September 22nd 2021. In accordance with the contract, on August 1st 2022 a report was signed on handing over to the Lessee (Auto Partner S.A.) warehouse, office and technical space with a total area of 14,672 sq m, including warehouse space of 13,660 sq m. Work to place the warehousing centre in service is expected to end in the second half of 2022. These steps will enable the Auto Partner Group to maintain revenue growth by expanding the scale of its operations and by further improving the conditions of business cooperation with its customers and suppliers of automotive parts. Moreover, establishment of another logistics and warehousing centre is under consideration and there are plans to expand the storage space in Bieruń.
- Development of the coronavirus pandemic in Poland and globally, as described in Section 4 of this Report.
- Nine new branches opened in the six months to June 30th 2021, with plans to launch further branches.
- Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A. for 2021 were approved by a resolution of the Supervisory Board of the Company on September 10th 2021, providing for the payment of additional remuneration for the appointment to the Company's Management Board, linked to the Company's financial performance. The Scheme is intended for the following members of the Company's Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that would ensure long-term growth of the shareholder value, reduce turnover of the Company's

management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company's website https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen. The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the Scheme.

- Adoption by the General Meeting of Maxgear sp. z o.o., on January 10th 2022, of the Rules of the Incentive Scheme for 2022-2024 for members of the Maxgear sp. z o.o. Management Board: Grzegorz Pal and Arkadiusz Cieplak, on the same terms as those provided for in the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board. The bonuses to be paid under the Rules of the Incentive Scheme for members of the Maxgear Sp. z o.o. Management Board will not exceed PLN 4,000,000 during the whole term of the Scheme.

- Execution, on September 13th 2022, of an investment credit facility agreement with Credit Agricole Bank Polska Spółka Akcyjna of Wrocław. Under the agreement, an investment credit facility of PLN 10,000,000 (ten million złoty) will be advanced to the Company to finance and refinance its investment expenditure.

Impact of the political and economic situation in Ukraine on the Company's and its Group's business:
Following the Russian invasion of Ukraine launched on February 24th 2022, the Management Board assessed the impact of this event on its operations, business continuity, financial condition and going concern assumption. The Group's exposure to the Ukrainian market is negligible, accounting for less than 0.5% of its monthly revenue. To manifest solidarity with Ukraine, the Group suspended its business on the Russian and Belarusian markets, closed all its representative offices and discontinued the export of aftermarket parts to both Russia and Belarus. The Group's exports to the Russian and Belarusian markets account for 0.1% and 0.02%, respectively, of its monthly revenue. However, the Management Board notes that the event's impact on the overall economic situation may require revision of certain assumptions and estimates in the future. This, in turn, may necessitate significant adjustments to the carrying amounts of certain assets and liabilities in the next financial year. At present, given the continuing high uncertainty about how the situation will develop, the Management Board is not able to reliably estimate its impact on the Group's performance. The situation is highly unpredictable and therefore the current expectations may change in the coming quarters. In the long term, the situation may also affect the Group's trading volumes, cash flows and profitability. As at the issue date of this Report, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's and its Group's operations, business continuity or financial condition. Moreover, the Management Board identified no threat to the Group's ability to continue as a going concern. The Management Board is monitoring the situation to the extent it could potentially affect the Group's business in future periods.

Bieruń, September 14th 2022

Signatures of Management Board Members

Aleksander Górecki – President of the Management Board

Andrzej Manowski – Vice President of the Management Board

Piotr Janta – Vice President of the Management Board

Signature of the person responsible for accounting records

Kamila Obłodecka Pieńkosz – Chief Accountant