Half-year report of the Auto Partner Group for the six months from January 1st to June 30th 2023

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This half-year report of the Auto Partner Group for the six months from January 1st to June 30th 2023 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 2023	June 30th 2022	June 30th 2023	June 30th 2022
STATEMENT OF PROFIT OR LOSS		figures not subject to review	figures not subject to review	unaudited figures	unaudited figures
Revenue from contracts with customers	7	938,540	706,948	1,775,185	1,346,519
Cost of sales	8	(686,140)	(492,690)	(1,302,011)	(943,091)
Gross profit		**252,400**	**214,258**	**473,174**	**403,428**
Distribution costs and marketing expenses	8	(98,964)	(84,307)	(195,028)	(156,014)
Warehousing costs	8	(58,616)	(44,800)	(114,172)	(88,556)
Management and administrative expenses	8	(11,562)	(14,512)	(22,541)	(22,832)
Other gains (losses), net	9	1,180	(477)	5,163	887
Other income		69	123	104	222
Other expenses		(398)	(347)	(593)	(597)
Operating profit		**84,109**	**69,938**	**146,107**	**136,538**
Finance income	10	2,753	79	2,871	140
Finance costs	11	(7,037)	(5,471)	(15,832)	(9,676)
Profit before tax		**79,825**	**64,546**	**133,146**	**127,002**
Income tax	12	(15,674)	(12,131)	(25,976)	(24,243)
Net profit		**64,151**	**52,415**	**107,170**	**102,759**
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations		397	47	243	(167)
Other comprehensive income that will be reclassified to profit or loss		**397**	**47**	**243**	**(167)**
Other comprehensive income, net		**397**	**47**	**243**	**(167)**
TOTAL COMPREHENSIVE INCOME		**64,548**	**52,462**	**107,413**	**102,592**
Net profit attributable to:					
Owners of the parent		64,151	52,415	107,170	102,759
Total comprehensive income attributable to:					
Owners of the parent		64,548	52,462	107,413	102,592
Earnings per share (PLN per share)					
From continuing operations:					
Basic		0.49	0.40	0.82	0.79
Diluted		0.49	0.40	0.82	0.79

Interim consolidated statement of financial position

	Note	As at June 30th 2023	As at December 31st 2022	As at June 30th 2022
ASSETS		unaudited figures		unaudited figures
Non-current assets				
Intangible assets	14	31,535	27,043	23,520
Property, plant and equipment	13	266,704	251,080	196,231
Investments in other entities	15	110	110	110
Other long-term receivables	18	4,226	4,299	4,108
Other non-current financial assets	16	-	-	2
Deferred tax assets		1,583	2,158	990
Total non-current assets		**304,158**	**284,690**	**224,961**
Current assets				
Inventories	17.1	973,600	955,730	812,052
Contract asset	17.2	20,205	13,584	15,520
Trade and other receivables	18	289,456	281,343	242,945
Other financial assets	16	105	4	3,588
Current tax assets	12	451	-	355
Cash and cash equivalents		27,900	34,931	43,001
Total current assets		**1,311,717**	**1,285,592**	**1,117,461**
Total assets		**1,615,875**	**1,570,282**	**1,342,422**
EQUITY AND LIABILITIES				
Equity				
Share capital issued		13,062	13,062	13,062
Share premium		106,299	106,299	106,299
Other components of equity		1,314	1,071	1,251
Retained earnings		809,969	722,392	617,883
Equity attributable to owners of the parent		**930,644**	**842,824**	**738,495**
Total equity	19	**930,644**	**842,824**	**738,495**
Non-current liabilities				
Long-term borrowings	20	77,000	138,700	148,700
Lease liabilities	22	109,846	112,595	78,739
Employee benefit obligations and provisions	23	2,143	2,661	1,595
Deferred tax liability		10,988	15,440	4,920
Total non-current liabilities		**199,977**	**269,396**	**233,954**
Current liabilities				
Trade and other payables	21.1	231,812	130,215	145,535
Contract liabilities	21.2	28,812	19,311	22,290
Short-term borrowings	20	132,951	210,616	113,256
Lease liabilities	22	37,977	39,021	35,032
Current tax liability	12	13,695	19,475	19,246
Employee benefit obligations and provisions	23	32,460	32,572	27,867
Short-term provisions		7,547	6,852	6,747
Total current liabilities		**485,254**	**458,062**	**369,973**
Total liabilities		**685,231**	**727,458**	**603,927**
Total equity and liabilities		**1,615,875**	**1,570,282**	**1,342,422**

Interim consolidated statement of cash flows

indirect method	Note	for 6 months ended June 30th 2023	June 30th 2022
		unaudited figures	unaudited figures
Cash flows from operating activities			
Profit before tax		**133,146**	**127,002**
Adjustments:			
Depreciation and amortisation		20,424	15,318
Foreign exchange gains/losses		(2,724)	81
Adjustments for gains/losses on sale of non-current assets		110	46
Other adjustments with cash flows from financing or investing activities		(103)	(73)
Finance costs recognised in profit or loss		15,714	9,010
Change in inventories		(17,870)	(73,546)
Change in contract asset		(6,621)	(4,661)
Change in trade and other receivables		(8,190)	351
Change in trade and other payables		99,832	48,788
Change in contract liabilities		9,501	6,697
Change in employee benefit obligations and provisions		65	3,623
Cash from operating activities		**243,284**	**132,636**
Income tax paid		(36,290)	(36,425)
Net cash from operating activities		**206,994**	**96,211**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(18,974)	(17,784)
Disposal of property, plant and equipment and intangible assets		90	33
Loans		(3,537)	(3,400)
Repayment of loans		3,539	14
Receipts from lease		-	5
Interest received		-	1
Net cash from investing activities		**(18,882)**	**(21,131)**
Cash flows from financing activities			
Dividend paid		(19,593)	(19,593)
Borrowings received		-	-
Borrowings repaid		(138,930)	(135)
Payment of lease liabilities		(20,980)	(19,950)
Interest and commissions paid		(15,544)	(9,275)
Net cash from financing activities		**(195,047)**	**(48,953)**
Total net cash flows		**(6,935)**	**26,127**
Cash and cash equivalents at beginning of period		34,931	16,936
Effect of exchange rate movements on net cash in foreign currencies		(96)	(62)
Cash and cash equivalents at end of period		**27,900**	**43,001**

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 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)**
As at June 30th 2022 (unaudited)	**13,062**	**2,103**	**106,299**	**617,883**	**(852)**	**738,495**
As at December 31st 2021	**13,062**	**2,103**	**106,299**	**534,717**	**(685)**	**655,496**
Net profit for period				207,268		**207,268**
Other comprehensive income for period, net					(347)	**(347)**
Total comprehensive income				**207,268**	**(347)**	**206,921**
Dividend paid				(19,593)		**(19,593)**
As at December 31st 2022	**13,062**	**2,103**	**106,299**	**722,392**	**(1,032)**	**842,824**
Net profit for period				107,170		**107,170**
Other comprehensive income for period, net					243	**243**
Total comprehensive income				**107,170**	**243**	**107,413**
Dividend paid				(19,593)		**(19,593)**
As at June 30th 2023 (unaudited)	**13,062**	**2,103**	**106,299**	**809,969**	**(789)**	**930,644**

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,

Tomasz Werbiński – Member of the Management Board.

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

Jarosław Plisz – Chair of the Supervisory Board,

Bogumił Woźny – Deputy Chair 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.

The structure of the Company's share capital as at June 30th 2023 is presented below.

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**

The Group

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 2023	As at December 31st 2022
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	Timisoara, Romania	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 accounting

These unaudited interim condensed consolidated financial statements ("financial statements") of the Group for the six months from January 1st 2023 to June 30th 2023 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 2023.

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 2022.

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 2022 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. 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 2023:

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 new 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. The new standard will substantially change the accounting practices of all entities that deal with insurance contracts and investment agreements. However, the scope of the standard is not limited to insurance companies only, and contracts concluded by entities other than insurance companies may also include a component that meets the definition of an insurance contract (as defined in IFRS 17).

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 IFRS 17 only – it does not affect any other requirements of IFRS 17.

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 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 *Deferred Tax*
The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to the amendment, there was uncertainty as to whether the recognition of equal amounts of assets and liabilities for accounting

purposes (e.g., initial recognition of leases) which does not affect current tax settlements necessitates the recognition of deferred taxes or whether the initial recognition exemption, according to which deferred taxes are not recognised if the recognition of an asset or liability does not affect profit or loss at the time of recognition, applies. The amended IAS 12 deals with this matter by requiring the recognition of deferred tax in the above situation, introducing an additional provision stating that the initial recognition exemption does not apply if the entity simultaneously recognises the asset and the equivalent liability and each of them gives rise to temporary differences. The amendments are effective for financial statements for periods beginning on or after January 1st 2023.

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:

Amendments to IAS 12 *Income Taxes: Global Minimum Tax* (Pillar Two)
In May 2023, the IASB published amendments to IAS 12 *Income Taxes* in response to the Organisation for Economic Cooperation and Development's (OECD) Pillar Two global minimum tax regulations, released as part of its international tax reform. The amendments provide for a temporary exception to the requirement to account for deferred tax assets and liabilities arising under tax law adopted to implement Pillar Two model rules. Entities may apply the amended IAS 12 immediately, with certain disclosures required for annual 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 16 *Leases*
In September 2022, the IASB issued amendments to IFRS 16 *Leases* to clarify certain issues concerning subsequent measurement of a lease liability in the case of sale and leaseback transactions which satisfy the criteria under IFRS 15 to be accounted for as a sale. The amendments require that a seller-lessee subsequently measure lease liabilities arising in leasebacks in such a way as not to recognise any gain or loss relating to the right of use it retains. The new requirement is of particular importance where a leaseback involves variable payments that do not depend on an index or rate, as under IFRS 16 such payments are not 'lease payments'. The amended standard includes a new example that illustrates the application of the new requirement in such situations. The amendment applies from January 1st 2024. 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*
In 2020, the IASB published amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. In October 2022, the Board issued further amendments to IAS 1, which address the classification of liabilities as con-current and current, for which an entity is required to meet certain contractual covenants. The amended IAS 1 provides that liabilities are classified as current or non-current depending on the rights existing at the end of the reporting period. The classification does not depend on the entity's expectations or events after the reporting date (for example, waiver or breach of a covenant). The amendments are effective for financial statements for periods beginning on or after January 1st 2024. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*
In May 2023, the IASB published amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce disclosure requirements for supplier finance arrangements, whereby specific disclosures are required about the entity's supplier finance arrangements to enable users of financial statements to assess the impact of those arrangements on the entity's liabilities and cash flows and its exposure to liquidity risk. These amendments are intended to enhance the transparency of disclosures about arrangements made with suppliers. The amendments do not affect the recognition or measurement principles, only the disclosure requirements. The new disclosure obligations will be effective for annual reporting periods beginning on or after January 1st 2024. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

IFRS 14 *Regulatory Deferral Accounts*
The standard permits an entity which is a first-time adopter of IFRS (on or after January 1st 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRSs and do not account for such balances, in accordance with IFRS 14 amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income. The European Union has decided not to endorse IFRS 14.

Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture
The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises

a partial gain or loss, excluding the part corresponding to other investors' interests. The amendments were issued on September 11th 2014. As at the date of these financial statements, the European Union postponed the endorsement of the amendments.

4. 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.

5. 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.

6. 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 quoted for:	June 30th 2023	December 31st 2022
CZK	0.1875	0.1942
RON	0.8967	0.9475

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:

Average NBP mid rate for reporting period	6 months 2023	6 months 2022
CZK	0.1951	0.1884
RON	0.9332	0.9385

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

7. 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 2023	Period ended June 30th 2022
Revenue from sale of merchandise	**1,774,252**	**1,345,211**
including:		
Sales of merchandise – Poland	878,735	669,776
Sales of merchandise – EU	875,539	666,385
Sales of merchandise – other exports	19,978	9,050
Revenue from rendering of services	**933**	**1,308**
including:		
Sales of services – Poland	527	400
Sales of services – EU	406	908
Total revenue from contracts with customers	**1,775,185**	**1,346,519**

8. Costs by nature and function of expense

	Period ended June 30th 2023	Period ended June 30th 2022
Depreciation and amortisation	(20,424)	(15,318)
Raw materials and consumables used	(16,049)	(14,636)
Services	(177,345)	(140,845)
Taxes and charges	(2,410)	(1,669)
Employee benefits expense	(111,603)	(90,421)
Other costs by nature of expense	(3,910)	(4,511)
Merchandise and materials sold	(1,302,011)	(943,093)
Total costs by nature of expense	**(1,633,752)**	**(1,210,493)**
Cost of sales	(1,302,011)	(943,091)
Distribution costs and marketing expenses	(195,028)	(156,014)
Warehousing costs	(114,172)	(88,556)
Management and administrative expenses	(22,541)	(22,832)
Total costs by function of expense	**(1,633,752)**	**(1,210,493)**

9. Other net gains (losses)

	Period ended June 30th 2023	Period ended June 30th 2022
Foreign exchange gains or losses on operating activities – unrealised	1,591	1,686
Foreign exchange gains or losses on operating activities – realised	3,415	(279)
Gains/losses on impairment of receivables	(193)	(626)
Other	350	106
Other gains (losses) net	**5,163**	**887**

10. Finance income

	Period ended June 30th 2023	Period ended June 30th 2022
Foreign exchange gains (losses) on financing activities	2,516	-
Interest on loans	104	73
Interest on trade receivables	80	53
Bank interest	165	-
Other finance income	6	14
Total finance income	**2,871**	**140**

11. Finance costs

	Period ended June 30th 2023	Period ended June 30th 2022
Interest expense:		
Interest on term and overdraft facilities	(9,082)	(6,141)
Interest on non-bank borrowings from related entities	(1,239)	(668)
Interest on lease liabilities (other leases)	(3,158)	(1,325)
Interest on lease liabilities (office and warehouse space leases)	(1,828)	(548)
Other interest expense	(74)	(12)
	(15,381)	(8,694)
Other finance costs:		
Foreign exchange gains (losses) on financing activities	-	(563)
Credit commissions and fees	(403)	(346)
Factoring commissions and fees	(4)	(35)
Other finance costs	(44)	(38)
	(451)	(982)
Total finance costs	**(15,832)**	**(9,676)**

12. Income tax

	Period ended June 30th 2023	Period ended June 30th 2022
Profit before tax	**133,146**	**127,002**
Income tax at 19%	(25,298)	(24,130)
Differences	(678)	(113)
Total income tax disclosed in the statement of comprehensive income	**(25,976)**	**(24,243)**
including:		
Current income tax:		
For current year	(29,527)	(31,746)
For previous years	(322)	(68)
	(29,849)	(31,814)
Deferred income tax:		
For current year	3,873	7,571
	3,873	7,571
	(25,976)	**(24,243)**
Profit before tax	**133,146**	**127,002**
Income tax	25,976	24,243
Effective tax rate	**19.51%**	**19.09%**

Current tax assets and liabilities

	As at June 30th 2023	As at December 31st 2022
Current tax assets	451	-
Current tax liability	13,695	19,475

13. Property, plant and equipment

-	As at June 30th 2023	As at December 31st 2022
Buildings and structures	76,786	72,383
Machinery and equipment	110,120	86,125
Vehicles	14,497	13,712
Other	49,636	47,470
Property, plant and equipment under construction	15,665	31,390
Total carrying amount of property, plant and equipment	**266,704**	**251,080**

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 2023	As at December 31st 2022
Buildings and structures	73,592	68,769
Machinery and equipment	68,032	46,774
Vehicles	9,852	9,255
Other	25,173	24,032
Property, plant and equipment under construction (i)	-	22,893
Total carrying amount of property, plant and equipment under right-of-use arrangements	**176,649**	**171,723**

-	Period ended June 30th 2023	Period ended June 30th 2022
Buildings and structures	9,192	6,907
Machinery and equipment	3,683	2,582
Vehicles	723	559
Other	711	680
Total depreciation of property, plant and equipment under right-of-use arrangements	**14,309**	**10,728**

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 2021	**84,253**	**73,256**	**21,430**	**56,051**	**21,200**	**256,190**
Increase						
Purchase	1,424	17,192	154	3,729	6,161	**28,660**
Accounting for property, plant and equipment under construction – purchase	17	724	-	450	(1,191)	**-**
Leases	37,818	13,867	3,997	4,485	23,215	**83,382**
Accounting for property, plant and equipment under construction – leases	-	17,995	-	-	(17,995)	**-**
Other	-	-	4	-	-	**4**
Decrease						
Disposal	-	(54)	(557)	(141)	-	**(752)**
Retirement	-	(5)	(107)	-	-	**(112)**
Other	(5)	(69)	(16)	(3)	-	**(93)**
Gross carrying amount as at December 31st 2022	**123,507**	**122,906**	**24,905**	**64,571**	**31,390**	**367,279**
Increase						
Purchase	411	4,019	267	1,500	8,350	**14,547**
Accounting for property, plant and equipment under construction – purchase	135	945	-	102	(1,182)	**-**
Leases	13,326	2,883	1,664	2,252	-	**20,125**
Accounting for property, plant and equipment under construction – leases	-	22,601	-	292	(22,893)	**-**
Other	-	-	-	-	-	**-**
Decrease						
Disposal	-	(4)	(242)	(68)	-	**(314)**
Retirement	(90)		(129)	(29)	-	**(248)**
Other	-	(67)	-	-	-	**(67)**
Gross carrying amount as at June 30th 2023	**137,289**	**153,283**	**26,465**	**68,620**	**15,665**	**401,322**
Accumulated depreciation as at December 31st 2021	**35,451**	**27,816**	**9,781**	**13,805**	**-**	**86,853**
Depreciation in period	15,673	9,009	1,908	3,370	-	**29,960**
Disposal	-	(47)	(426)	(74)	-	**(547)**
Retirement	-	(3)	(54)	-	-	**(57)**
Other	-	6	(16)	-	-	**(10)**
Accumulated depreciation as at December 31st 2022	**51,124**	**36,781**	**11,193**	**17,101**	**-**	**116,199**
Depreciation in period	9,469	6,386	1,016	1,912	-	**18,783**
Disposal	-	(3)	(165)	(22)	-	**(190)**
Retirement	(90)	-	(74)	(7)	-	**(171)**
Other	-	(1)	(2)	-	-	**(3)**
Accumulated depreciation as at June 30th 2023	**60,503**	**43,163**	**11,968**	**18,984**	**-**	**134,618**
Net carrying amount as at December 31st 2022	**72,383**	**86,125**	**13,712**	**47,470**	**31,390**	**251,080**
Net carrying amount as at June 30th 2023	**76,786**	**110,120**	**14,497**	**49,636**	**15,665**	**266,704**

14. Intangible assets

-	As at June 30th 2023	As at December 31st 2022
Software	15,873	14,154
Intangible assets under development	15,662	12,889
Total carrying amount of intangible assets	**31,535**	**27,043**

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 2023	As at December 31st 2022
Software	3,089	3,347
Total carrying amount of right-of-use intangible assets	**3,089**	**3,347**

-	Period ended June 30th 2023	Period ended June 30th 2022
Software	233	254
Total amortisation of right-of-use intangible assets	**233**	**254**

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at December 31st 2021	**25,145**	**343**	**10,429**	**35,917**
Increase				
Purchase	2,255	-	6,870	**9,125**
Accounting for intangible assets under development – purchase	4,410	-	(4,410)	**-**
Leases	251	-	-	**251**
Gross carrying amount as at December 31st 2022	**32,061**	**343**	**12,889**	**45,293**
Increase				
Purchase	606	-	5,527	**6,133**
Accounting for intangible assets under development – purchase	2,754	-	(2,754)	**-**
Leases	-	-	-	
Other	-	-	-	**-**
Gross carrying amount as at June 30th 2023	**35,421**	**343**	**15,662**	**51,426**
Accumulated amortisation as at December 31st 2021	**15,013**	**343**	**-**	**15,356**
Amortisation in period	2,889	-	-	**2,889**
Other	5	-	-	**5**
Accumulated amortisation as at December 31st 2022	**17,907**	**343**	**-**	**18,250**
Amortisation in period	1,641			**1,641**
Other				**-**
Accumulated amortisation as at June 30th 2023	**19,548**	**343**	**-**	**19,891**
Net carrying amount as at December 31st 2022	**14,154**	**-**	**12,889**	**27,043**
Net carrying amount as at June 30th 2023	**15,873**	**-**	**15,662**	**31,535**

15. Investments in other entities

	As at June 30th 2023	As at December 31st 2022
Shares in other entities	110	110
Total	**110**	**110**

16. Other financial assets

	As at June 30th 2023	As at December 31st 2022
Loans measured at amortised cost		
Loans to other entities	105	4
Total	**105**	**4**
Long-term	-	-
Short-term	105	4
Total	**105**	**4**

On January 2nd 2023, an agreement was signed with Global One Automotive GmbH of Frankfurt whereby the Company advanced a loan of EUR 750 thousand to Global One. The loan bore interest at 3M EURIBOR + margin. The agreement was concluded for a definite term from February 1st 2023 to July 31st 2023. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017). The loan was repaid on June 30th 2023.

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

17. Inventories and contract asset

17.1 Inventories

	As at June 30th 2023	As at December 31st 2022
Merchandise	982,492	964,899
Write-downs	(8,892)	(9,169)
Total	**973,600**	**955,730**

Merchandise is stored in central and subsidiary warehouses and is, in principle, fully insured against theft, burglary, robbery, fire, and other natural calamities (except where the insurer excluded specific risks or lowered the amount of indemnification for such risks).

<u>Change in inventory write-downs</u>

-	Period ended June 30th 2023	Period ended June 30th 2022
At beginning of period	**(9,169)**	**(10,450)**
Decrease	2,067	1,555
Increase	(1,790)	(1,360)
As at end of period	**(8,892)**	**(10,255)**

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.

<u>Inventories pledged as security</u>

The Group 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 2023	As at December 31st 2022
Liabilities secured with pledge on inventories	182,013	306,174

Recognised inventory cost

-	Period ended June 30th 2023	Period ended June 30th 2022
Cost of sales	(1,302,011)	(943,091)
Distribution costs	(3,706)	(2,451)
Total inventory cost recognised	**(1,305,717)**	**(945,542)**

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

17.2 Contract asset

	As at June 30th 2023	As at December 31st 2022
Contract asset	20,205	13,584

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.

18. Trade and other receivables

	As at June 30th 2023	As at December 31st 2022
Trade receivables payable up to 12 months	201,235	179,855
Trade receivables payable in more than 12 months	3,482	2,274
Trade receivables from suppliers	48,673	68,207
Impairment losses on trade receivables	(8,708)	(8,223)
Total trade receivables	**244,682**	**242,113**
Receivables from card system operators	2,278	1,458
Rent deposits receivable	1,927	2,052
Other financial receivables	5,063	4,624
Impairment losses on other receivables	(867)	(871)
Total trade and other financial receivables	**253,083**	**249,376**
Prepaid deliveries	6,462	5,725
Receivables on sale of property, plant and equipment	-	-
Prepayments and accrued income	9,462	6,683
VAT tax to be settled in future periods/refunded to bank account	23,375	23,007
Other non-financial receivables	1,300	851
Total non-financial receivables	**40,599**	**36,266**
Total trade and other receivables	**293,682**	**285,642**
Other long-term receivables	4,226	4,299
Trade and other receivables	289,456	281,343
Total trade and other receivables	**293,682**	**285,642**

The aging of trade receivables is presented in the table below.

	As at June 30th 2023	As at December 31st 2022
not past due	227,438	216,384
past due 1-30 days	11,834	21,608
past due 31-90 days	2,773	2,053
past due 91-120 days	549	542
past due 121-180 days	366	600
past due 181-360 days	1,415	564
over 360 days	307	362
Total trade receivables	**244,682**	**242,113**

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

	As at June 30th 2023	As at December 31st 2022
not past due	(1,050)	(1,074)
past due 1-30 days	(56)	(59)
past due 31-90 days	(14)	(43)
past due 91-120 days	(112)	(196)
past due 121-180 days	(133)	(197)
past due 181-360 days	(905)	(420)
over 360 days	(6,438)	(6,234)
Total impairment losses on trade receivables	**(8,708)**	**(8,223)**

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

-	Period ended June 30th 2023	Period ended June 30th 2022
At beginning of period	**(8,223)**	**(6,561)**
Recognised	(955)	(1,366)
Write-off	383	224
Decrease	87	99
As at end of period	**(8,708)**	**(7,604)**

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

	Period ended June 30th 2023	Period ended June 30th 2022
At beginning of period	**(902)**	**(882)**
Increase	-	-
Decrease	35	44
As at end of period	**(867)**	**(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 2023	As at December 31st 2022
Receivables pledged as security	127,257	92,595

19. Equity

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

	As at June 30th 2023	As at December 31st 2022
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 2023	As at December 31st 2022
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Other components of equity	1,314	1,071
Retained earnings	809,969	722,392
Total equity	**930,644**	**842,824**

20. Borrowings

	As at June 30th 2023	As at December 31st 2022
Unsecured – at amortised cost		
Borrowings from related entities	27,938	28,035
	27,938	**28,035**
Secured – at amortised cost		
Overdraft facilities	29,709	158,744
Bank borrowings	152,304	162,533
Other borrowings	-	4
	182,013	**321,281**
Total borrowings	**209,951**	**349,316**
Current liabilities (i)	132,951	210,616
Non-current liabilities	77,000	138,700
Total borrowings	**209,951**	**349,316**

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

Credit facility agreements and non-bank borrowings:

	Agreement	Repayment date	Credit limit	Currency	Interest rate	As at June 30th 2023	As at December 31st 2022
ING Bank Śląski S.A.	Multi-product facility agreement of October 19th 2015 No. **882/2015/00000925/00**	October 10th 2024	177,000				
	working capital facility in bank account			PLN	1M WIBOR + margin	23,262	62,080
	working capital facility in credit account			PLN	1M WIBOR + margin	77,143	97,244
	working capital facility in credit account			EUR	1M EURIBOR + margin	-	-
	working capital facility in credit account			USD	1M SOFR + margin	-	-
Within the credit limit granted under the agreement, the subsidiary Maxgear Sp. z o.o. Sp.k. is entitled to draw up to PLN 40,000 thousand, including under the PLN-denominated working capital facility in a bank account (1M WIBOR + margin) and the USD-denominated working capital facility in a credit account (1M SOFR + margin). As at June 30th 2023, Maxgear Sp. z o.o. Sp.k.'s debt outstanding under the multi-product facility agreement (PLN-denominated working capital facility in a bank account) was PLN 19,037 thousand. Both companies are jointly and severally liable for the obligations arsing under the agreement. Security: (a) registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) of up to PLN 270,000 thousand, (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 270,000 thousand, (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 270,000 thousand, (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 270,000 thousand, (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700 thousand.							
Santander Bank Polska S.A.	Multi-facility agreement of September 26th 2016 No. **K00922/16**	March 31st 2024	90,000				
	working capital facility in bank account			PLN	1M WIBOR + margin	-	4,111
	working capital facility in bank account			EUR	1M EURIBOR + margin	21	-
	working capital facility in credit account			PLN	1M WIBOR + margin	50,000	25,000
The facility is secured with: a) 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 135,000 thousand; 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 thousand; 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 15,000 thousand; 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.							
mBank S.A.	Overdraft facility agreement of October 22nd 2019 No. **11/145/19/Z/VV**	September 30th 2025	50,000				
	working capital facility in bank account			PLN	O/N WIBOR + margin	33	48,732
	working capital facility in bank account			EUR	O/N ESTR + margin	-	-
Security: (a) a registered pledge over inventories of merchandise with a value of PLN 75,000 thousand, (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 75,000 thousand, (d) subordination of claims under the loans provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000 thousand.							
mBank S.A.	Working capital facility in credit account agreement of December 13th 2022 No. **11/168/22/Z/OB**.	December 12th 2024	15,000				
	working capital facility in credit account			PLN	1M WIBOR + margin	-	15,103
The agreement expired on March 27th 2023 following repayment of the facility. The credit facility (11/168/22/Z/OB) is secured with the Company's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 22,500 thousand.							

mBank S.A.	Working capital facility in credit account agreement of April 5th 2023 No. **11/026/23/Z/LE**.	December 12th 2024	15,000				
	working capital facility in credit account			PLN	1M WIBOR + margin	-	-
The credit facility is secured with the Company's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 22,500 thousand.							
BNP Paribas Bank Polska S.A.	Multi-purpose credit facility agreement No. **WAR/8806/21/537/CB** of September 13th 2021	September 11th 2025	50,000				
	working capital facility in bank account			PLN	1M WIBOR + margin	826	43,821
	working capital facility in bank account			EUR	1M EURIBOR + margin	5,567	-
	working capital facility in bank account			USD	SOFR + margin	-	-
Within the credit limit granted under the agreement, the subsidiary Maxgear Sp. z o.o. Sp.k. is entitled to draw up to PLN 35,000 thousand, including under the PLN-denominated working capital facility in a bank account (1M WIBOR + margin) and the USD-denominated working capital facility in a bank account (SOFR + margin). As at June 30th 2023, Maxgear Sp. z o.o. Sp.k. did not have any debt under the agreement. The companies are liable for the obligations arising under the agreement up to the amounts specified therein. Security: a) declaration by Auto Partner S.A. on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 75,000 thousand, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 12th 2034; b) declaration by Maxgear Sp. z o.o. Sp. kom. on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 52,500 thousand, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; c) registered pledge with the maximum security amount of PLN 60,000 thousand 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 60,000 thousand. 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; d) 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 50,000 thousand; e) 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 thousand to the facility.							
BNP Paribas Bank Polska S.A.	Revolving credit facility agreement No. **WAR/8806/22/17/CB** of January 24th 2022	September 11th 2025	25,000				
	working capital facility in credit account			PLN	1M WIBOR + margin	25,161	25,186
Security: a) a registered pledge with the maximum security amount of PLN 37,500 thousand over inventories of the borrower's merchandise held at the borrower's branches, b) 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 thousand, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for January 30th 2023, c) 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 thousand, d) an agreement on subordination of claims under the loans provided to the borrower by Katarzyna Górecka and Aleksander Górecki to the credit facility.							
Credit Agricole Bank Polska S.A.	Investment credit facility agreement No. **KRI/S/8/2022** of September 13th 2022 Availability period: until September 13th 2024	September 15th 2028	10,000				
	investment credit facility in credit account			PLN	1M WIBOR + margin	-	-
Security: 1) registered pledge over the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility, 2) assignment of any claims under insurance policies covering the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility, 3) subordination of a loan obtained from Katarzyna Górecka and Aleksander Górecki for up to PLN 26,700 thousand, 4) submission to enforcement under Art. 777.1 of the Code of Civil Procedure in respect of the contractual payment obligations under the Agreement, for up to PLN 12,000 thousand.							
Katarzyna Górecka and Aleksander Górecki	Shareholder loan agreement of January 2nd 2014	January 2nd 2024	26,700				
	loan agreement			PLN	3M WIBOR + margin	27,938	28,035
Security: none.							
UniCredit Leasing a.s.	Loan to finance purchase of property, plant and equipment	June 2nd 2023	70				
	loan agreement			CZK		-	4
Security: title to the property, plant and equipment financed with the loan							
	Total borrowings					**209,951**	**349,316**

21. Trade and other payables

21.1 Trade and other payables

	As at June 30th 2023	As at December 31st 2022
Trade payables due in up to 12 months	285,257	148,016
Trade receivables from suppliers	(61,311)	(24,655)
Taxes, customs duties, social security and other benefits payable	4,015	5,875
Liabilities arising from acquisition of property, plant and equipment and intangible assets	2,469	752
Other liabilities	1,382	227
	231,812	**130,215**
Current liabilities	231,812	130,215
Total	**231,812**	**130,215**

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

21.2 Contract liabilities

	As at June 30th 2023	As at December 31st 2022
Contract liabilities	1,144	629
Right-of-return liabilities (i)	27,668	18,682
Total	**28,812**	**19,311**

(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.

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).

Total payments under lease contracts	As at June 30th 2023	As at December 31st 2022
Current lease liabilities	37,977	39,021
Non-current lease liabilities	109,846	112,595
Total	**147,823**	**151,616**

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 2023	Period ended June 30th 2022
Cost of short-term leases (i)	5,595	5,015
Cost of leases not disclosed due to the low value of underlying assets (ii)	749	742
Total	**6,344**	**5,757**

(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 13 and 14. For information on the amount of interest, see Note 11.

23. Employee benefit obligations and provisions

	As at June 30th 2023	As at December 31st 2022
Salaries and wages payable	11,341	9,337
Social security and Employee Capital Plan obligations	11,889	9,001
Provision for accrued holiday entitlements	7,172	4,259
Provision for retirement and disability benefit obligations	721	498
Provision for obligations under the Incentive Scheme for 2022	-	11,600
Obligation under the Incentive Scheme for 2020 (i)	-	538
Obligation under the Incentive Scheme for 2022 (ii)	3,480	-
	34,603	**35,233**
Long-term employee benefit obligations and provisions	2,143	2,661
Short-term employee benefit obligations and provisions	32,460	32,572
Total	**34,603**	**35,233**

The table below shows changes in provisions:

	Period ended June 30th 2023	Period ended June 30th 2022
Provision for accrued holiday entitlements	(2,913)	(2,120)
Provision for retirement and disability benefit obligations	(223)	156
Provision for obligations under the Incentive Scheme for 2019	-	207
Provision for obligations under the Incentive Scheme for 2020	538	1,075
Provision for obligations under the Incentive Scheme for 2021	-	2,160
Provision for obligations under the Incentive Scheme for 2022	8,120	(5,250)
Total	**5,522**	**(3,772)**

	As at December 31st 2022	recognised	reversed	used	As at June 30th 2023
Provision for accrued holiday entitlements	4,259	4,521	-	(1,608)	7,172
Provision for retirement and disability benefit obligations	498	250	-	(27)	721
Provision for obligations under the Incentive Scheme for 2020	538			(538)	-
Provision for obligations under the Incentive Scheme for 2022	11,600	-	-	(8,120)	3,480
	16,895	**4,771**	**-**	**(10,293)**	**11,373**

(i) For detailed information on the Incentive Scheme for 2019–2021, see the Directors' Report on the Company's and the Group's operations in 2021, available at https://ir.autopartner.com/raporty/#raporty-okresowe

bonus granted for 2020		bonus paid in 2021	bonus paid in 2022	bonus paid in 2023	Obligations as at June 30th 2023
Company's Management Board	3,476	(2,434)	(694)	(348)	-
Subsidiary's Management Board	1,902	(1,331)	(381)	(190)	-
	5,378	**(3,765)**	**(1,075)**	**(538)**	**-**

(ii) For detailed information on the incentive bonus for 2022, see Part III *Interim Directors' Report on the operations of the Group* in this Report.

bonus granted for 2022		bonus paid in 2023	Obligations as at June 30th 2023
Company's Management Board	7,600	(5,320)	2,280
Subsidiary's Management Board	4,000	(2,800)	1,200
	11,600	**(8,120)**	**3,480**

24. Financial instruments

	As at June 30th 2023	**As at December 31st 2022**
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:	**281,088**	**284,311**
Cash	*27,900*	*34,931*
Trade and other financial receivables	*253,083*	*249,376*
Loans	*105*	*4*
Measured at fair value through other comprehensive income	**-**	**-**
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:	**437,510**	**474,058**
Trade payables	*223,946*	*123,361*
Contract liabilities	*1,144*	*629*
Liabilities arising from acquisition of property, plant and equipment and intangible assets	*2,469*	*752*
Borrowings	*209,951*	*349,316*
Non-IFRS 9 financial liabilities – lease liabilities	147,823	151,616

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 2022 and June 30th 2023, 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.

25. 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 2023**	**Period ended June 30th 2022**
entities related to members of the Management Board and the Supervisory Board	**20**	**75**
including:		
sales of goods	-	*2*
re-charge of costs	*20*	*73*
members of management boards of subsidiaries	**9**	**8**
including:		
sales of goods	*1*	-
re-charge of costs	*8*	*8*
Total	**29**	**83**

Purchase of goods and services and other purchases	**Period ended June 30th 2023**	**Period ended June 30th 2022**
entities related to members of the Management Board and the Supervisory Board	**1,141**	**961**
including:		
purchase of services	*1,141*	*961*
members of management boards of subsidiaries	**270**	**51**
including:		
purchase of services	*270*	*51*
Total	**1,411**	**1,012**

Receivables	**As at June 30th 2023**	**As at December 31st 2022**
entities related to members of the Management Board and the Supervisory Board	6	10
members of management boards of subsidiaries	1	-
Total	**7**	**10**

Liabilities	**As at June 30th 2023**	**As at December 31st 2022**
entities related to members of the Management Board and the Supervisory Board	282	214
members of management boards of subsidiaries	46	7
Total	**328**	**221**

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 2023**	**Period ended June 30th 2022**
Management Board members	**18**	**15**
including:		
re-charge of costs	*18*	*15*
Total	**18**	**15**

Receivables	**As at June 30th 2023**	**As at December 31st 2022**
Management Board members	546	322
Total	**546**	**322**

Salaries	**Period ended June 30th 2023**	**Period ended June 30th 2022**
Management Board members	470	3,813
Members of management boards of subsidiaries	120	1,870
Supervisory Board	111	68
Total	**701**	**5,751**

Obligation under the Incentive Scheme	**As at June 30th 2023**	**As at December 31st 2022**
Management Board members (Note 23)	2,280	348
Members of management boards of subsidiaries (Note 23)	1,200	190
Total	**3,480**	**538**

Loans advanced by shareholders to the Group

Loans received	**As at June 30th 2023**	**As at December 31st 2022**
Shareholder loan (Note 20)	27,938	28,035
Total	**27,938**	**28,035**

Finance costs	**Period ended June 30th 2023**	**Period ended June 30th 2022**
Interest expense recognised	(1,239)	(668)
Total	**(1,239)**	**(668)**

26. Dividend for 2022

On March 31st 2023, the Management Board of the Company passed a resolution to recommend that the Annual General Meeting ("AGM") vote to pay dividend of PLN 19,593,000, i.e. PLN 0.15 per share, for the financial year 2022 On April 17th 2023, the Supervisory Board resolved to endorse the Management Board's recommendation. At its meeting held on May 25th 2023, the Annual General Meeting passed a resolution granting the request, setting June 1st 2023 as the dividend record date. The dividend was paid on June 15th 2023.

27. 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 722 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until July 15th 2026, 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 December 31st 2024, 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.

– EUR 485 thousand bank guarantee No. DOK1141GWB22WS of March 25th 2022 (as amended), provided in connection with a contract for rent of property in Mysłowice, valid until September 30th 2024, 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.

- PLN 3,000 thousand bank guarantee No. KLG84169IN22 of November 17th 2022, provided in connection with a distribution agreement, valid until December 29th 2023, granted within the credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20.

- PLN 2,000 thousand bank guarantee No. KLG87054IN23 of April 3rd 2023, provided in connection with a distribution agreement, valid until December 31st 2024, granted within the credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20.

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, which primarily comprise warehouses and warehouse equipment, available for use by the Group by June 30th 2023. The amount of future lease liabilities is PLN 107,768 thousand.

28. Events subsequent to the reporting date

On September 12th 2023, the following amendments were signed with BNP Paribas Bank Polska S.A.: Amendment 3 to multi-purpose credit facility agreement No. **WAR/8806/21/537/CB** of September 13th 2021, whereby the facility maturity date was changed to September 11th 2025, and Amendment 1 to revolving credit facility agreement No. **WAR/8806/22/17/CB** of January 24th 2022, whereby the facility maturity date was changed to September 11th 2025.

On September 12th 2023, Amendment 1 was signed to investment credit facility agreement No. **KRI/S/8/2022** of September 13th 2022 with **Credit Agricole Bank Polska S.A.**, whereby the facility availability period was changed to until September 13th 2024 and the facility maturity date to September 15th 2028, and the credit limit under the facility was increased to PLN 15,000 thousand.

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

As regards the consequences of the coronavirus pandemic, in 2023 the Group did not identify any impediments to its business or any direct impact on its financial performance.

30. 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 accounted 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. 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 periods. In the long term, the situation may also affect the Group's trading volumes, cash flows and profitability. As at the date of these financial statements, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Group's operations, business continuity and 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.

31. Authorisation for issue

These interim condensed consolidated financial statements of the Group were authorised for issue by the Management Board on September 13th 2023.

II. Interim condensed separate financial statements

Interim separate statement of comprehensive income

	Note	for 3 months ended June 30th 2023	for 3 months ended June 30th 2022	for 6 months ended June 30th 2023	for 6 months ended June 30th 2022
		figures not subject to review	figures not subject to review	unaudited figures	unaudited figures
STATEMENT OF PROFIT OR LOSS					
Revenue from contracts with customers	6	938,429	707,582	1,775,668	1,347,625
Cost of sales	7	(697,997)	(501,044)	(1,319,448)	(958,166)
Gross profit		**240,432**	**206,538**	**456,220**	**389,459**
Distribution costs and marketing expenses	7	(97,801)	(83,346)	(193,447)	(154,009)
Warehousing costs	7	(58,447)	(44,917)	(113,861)	(88,353)
Management and administrative expenses	7	(8,932)	(10,360)	(17,450)	(16,841)
Other gains (losses), net	8	668	(27)	1,788	230
Other income		70	125	103	220
Other expenses		(393)	(342)	(581)	(573)
Operating profit		**75,597**	**67,671**	**132,772**	**130,133**
Finance income	9	(1,244)	1,757	9,785	5,146
Finance costs	10	(6,854)	(4,867)	(14,489)	(8,753)
Profit before tax		**67,499**	**64,561**	**128,068**	**126,526**
Income tax	11	(14,088)	(12,242)	(23,805)	(23,638)
Net profit		**53,411**	**52,319**	**104,263**	**102,888**
OTHER COMPREHENSIVE INCOME					
Other comprehensive income, net		-	-	-	-
Other comprehensive income that will be reclassified to profit or loss		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**53,411**	**52,319**	**104,263**	**102,888**
Earnings per share (PLN per share)					
From continuing operations:					
Basic		0.41	0.40	0.80	0.79
Diluted		0.41	0.40	0.80	0.79

Interim separate statement of financial position

	Note	As at June 30th 2023	As at December 31st 2022	As at June 30th 2022
		unaudited figures		unaudited figures
ASSETS				
Non-current assets				
Intangible assets	13	31,535	27,043	23,520
Property, plant and equipment	12	264,028	248,079	194,061
Investments in related entities	14	30,448	30,448	30,448
Investments in other entities	14	110	110	110
Other long-term receivables	17	4,093	4,160	4,024
Other non-current financial assets	15	-	-	2
Total non-current assets		**330,214**	**309,840**	**252,165**
Current assets				
Inventories	16.1	930,639	901,722	771,016
Contract asset	16.2	20,205	13,584	15,520
Trade and other receivables	17	303,724	304,777	254,008
Other financial assets	15	105	4	5,106
Cash and cash equivalents		23,650	32,031	37,656
Total current assets		**1,278,323**	**1,252,118**	**1,083,306**
Total assets		**1,608,537**	**1,561,958**	**1,335,471**
EQUITY AND LIABILITIES				
Equity				
Share capital issued		13,062	13,062	13,062
Share premium		106,299	106,299	106,299
Other components of equity		2,103	2,103	2,103
Retained earnings		830,510	745,840	638,175
Total equity	18	**951,974**	**867,304**	**759,639**
Non-current liabilities				
Long-term borrowings	19	77,000	138,700	148,700
Lease liabilities	21	108,580	111,070	77,536
Employee benefit obligations and provisions	22	2,143	2,661	1,405
Deferred tax liability		14,698	20,044	8,263
Total non-current liabilities		**202,421**	**272,475**	**235,904**
Current liabilities				
Trade and other payables	20.1	222,089	173,301	172,738
Contract liabilities	20.2	28,812	19,311	22,290
Short-term borrowings	19	113,914	137,329	58,291
Lease liabilities	21	37,516	38,565	34,779
Current tax liability	11	13,481	18,642	19,246
Employee benefit obligations and provisions	22	30,783	28,179	25,837
Short-term provisions		7,547	6,852	6,747
Total current liabilities		**454,142**	**422,179**	**339,928**
Total liabilities		**656,563**	**694,654**	**575,832**
Total equity and liabilities		**1,608,537**	**1,561,958**	**1,335,471**

Interim separate statement of cash flows

indirect method	Note	for 6 months ended June 30th 2023	June 30th 2022
		unaudited figures	unaudited figures
Cash flows from operating activities			
Profit before tax		**128,068**	**126,526**
Adjustments:			
Depreciation and amortisation		20,110	15,147
Foreign exchange gains/losses		(2,978)	196
Adjustments for gains/losses on investing activities		7	(62)
Finance costs recognised in profit or loss		14,378	8,171
Finance income recognised in profit or loss		(111)	(89)
Change in inventories		(28,917)	(123,736)
Change in contract asset		(6,621)	(4,661)
Gains on share in profit or loss of related entities		(6,818)	(4,886)
Change in trade and other receivables		(5,426)	(6,394)
Change in trade and other payables		46,815	110,659
Change in contract liabilities		9,501	6,698
Change in employee benefit obligations and provisions		2,781	2,921
Cash from operating activities		**170,789**	**130,490**
Income tax paid		(34,312)	(34,797)
Net cash from operating activities		**136,477**	**95,693**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(18,973)	(17,784)
Disposal of property, plant and equipment and intangible assets		90	33
Loans		(3,537)	(3,400)
Repayment of loans		3,539	2
Gains on share in profit or loss of related entities		13,213	-
Receipts from lease		-	113
Interest received		-	6
Net cash from investing activities		**(5,668)**	**(21,030)**
Cash flows from financing activities			
Dividend paid		(19,593)	(19,593)
Borrowings repaid		(84,679)	(3,054)
Payment of lease liabilities		(20,737)	(19,867)
Interest and commissions paid		(13,872)	(8,151)
Other cash used in financing activities – corporate surety		(338)	(284)
Other cash provided by financing activities – corporate surety		112	90
Net cash from financing activities		**(139,107)**	**(50,859)**
Total net cash flows		**(8,298)**	**23,804**
Cash and cash equivalents at beginning of period		32,031	13,922
Effect of exchange rate fluctuations on cash held		(83)	(70)
Cash and cash equivalents at end of period		**23,650**	**37,656**

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 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)**
As at June 30th 2022 (unaudited)	**13,062**	**2,103**	**106,299**	**638,175**	**759,639**
As at December 31st 2021	**13,062**	**2,103**	**106,299**	**554,880**	**676,344**
Net profit for period				210,553	**210,553**
Total comprehensive income	**-**	**-**	**-**	**210,553**	**210,553**
Dividend paid				(19,593)	**(19,593)**
As at December 31st 2022	**13,062**	**2,103**	**106,299**	**745,840**	**867,304**
Net profit for period				104,263	**104,263**
Total comprehensive income	**-**	**-**	**-**	**104,263**	**104,263**
Dividend paid				(19,593)	**(19,593)**
As at June 30th 2023 (unaudited)	**13,062**	**2,103**	**106,299**	**830,510**	**951,974**

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,

Tomasz Werbiński – Member of the Management Board.

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

Jarosław Plisz – Chair of the Supervisory Board,

Bogumił Woźny – Deputy Chair 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.

The structure of the Company's share capital as at June 30th 2023 is presented below.

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 accounting

These interim condensed separate financial statements ("financial statements") of the Company for the six months from January 1st to June 30th 2023 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 2023.

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 2022. 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 2022 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. 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 2023:

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 new 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. The new standard will substantially change the accounting practices of all entities that deal with insurance contracts and investment agreements. However, the scope of the standard is not limited to insurance companies only, and contracts concluded by entities other than insurance companies may also include a component that meets the definition of an insurance contract (as defined in IFRS 17).

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 IFRS 17 only – it does not affect any other requirements of IFRS 17.

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 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 *Deferred Tax*
The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to the amendment, there was uncertainty as to whether the recognition of equal amounts of assets and liabilities for accounting purposes (e.g., initial recognition of leases) which does not affect current tax settlements necessitates the recognition of deferred taxes or whether the initial recognition exemption, according to which deferred taxes are not recognised if the recognition of an asset or liability does not affect profit or loss at the time of recognition, applies. The amended IAS 12 deals with this matter by requiring the recognition of deferred tax in the above situation, introducing an additional provision stating that the initial recognition exemption does not apply if the entity simultaneously recognises the asset and the equivalent liability and each of them gives rise to temporary differences. The amendments are effective for financial statements for periods beginning on or after January 1st 2023.

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 Company early:

Amendments to IAS 12 *Income Taxes: Global Minimum Tax* (Pillar Two)
In May 2023, the IASB published amendments to IAS 12 *Income Taxes* in response to the Organisation for Economic Cooperation and Development's (OECD) Pillar Two global minimum tax regulations, released as part of its international tax reform. The amendments provide for a temporary exception to the requirement to account for deferred tax assets and liabilities arising under tax law adopted to implement Pillar Two model rules. Entities may apply the amended IAS 12 immediately, with certain disclosures required for annual 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 16 *Leases*
In September 2022, the IASB issued amendments to IFRS 16 *Leases* to clarify certain issues concerning subsequent measurement of a lease liability in the case of sale and leaseback transactions which satisfy the criteria under IFRS 15 to be accounted for as a sale. The amendments require that a seller-lessee subsequently measure lease liabilities arising in leasebacks in such a way as not to recognise any gain or loss relating to the right of use it retains. The new requirement is of particular importance where a leaseback involves variable payments that do not depend on an index or rate, as under IFRS 16 such payments are not 'lease payments'. The amended standard includes a new example that illustrates the application of the new requirement in such situations. The amendment applies from January 1st 2024. 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*
In 2020, the IASB published amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. In October 2022, the Board issued further amendments to IAS 1, which address the classification of liabilities as con-current and current, for which an entity is required to meet certain contractual covenants. The amended IAS 1 provides that liabilities are

classified as current or non-current depending on the rights existing at the end of the reporting period. The classification does not depend on the entity's expectations or events after the reporting date (for example, waiver or breach of a covenant). The amendments are effective for financial statements for periods beginning on or after January 1st 2024. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

In May 2023, the IASB published amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce disclosure requirements for supplier finance arrangements, whereby specific disclosures are required about the entity's supplier finance arrangements to enable users of financial statements to assess the impact of those arrangements on the entity's liabilities and cash flows and its exposure to liquidity risk. These amendments are intended to enhance the transparency of disclosures about arrangements made with suppliers. The amendments do not affect the recognition or measurement principles, only the disclosure requirements. The new disclosure obligations will be effective for annual reporting periods beginning on or after January 1st 2024. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

IFRS 14 *Regulatory Deferral Accounts*

The standard permits an entity which is a first-time adopter of IFRS (on or after January 1st 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRSs and do not account for such balances, in accordance with IFRS 14 amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income. The European Union has decided not to endorse IFRS 14.

Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture

The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The amendments were issued on September 11th 2014. As at the date of these financial statements, the European Union postponed the endorsement of the amendments.

4. 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.

5. 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.

6. 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 2023	Period ended June 30th 2022
Revenue from sale of merchandise	**1,771,213**	**1,343,168**
including:		
Sales of merchandise – Poland	878,745	669,778
Sales of merchandise – EU	872,490	664,340
Sales of merchandise – other exports	19,978	9,050
Revenue from rendering of services	**4,455**	**4,457**
including:		
Sales of services – Poland	3,965	3,462
Sales of services – EU	490	995
Total revenue from contracts with customers	**1,775,668**	**1,347,625**

7. Costs by nature and function of expense

	Period ended June 30th 2023	Period ended June 30th 2022
Depreciation and amortisation	(20,110)	(15,147)
Raw materials and consumables used	(15,927)	(14,563)
Services	(178,788)	(139,900)
Taxes and charges	(2,410)	(1,668)
Employee benefits expense	(105,917)	(86,376)
Other costs by nature of expense	(4,827)	(4,293)
Merchandise and materials sold	(1,316,227)	(955,422)
Total costs by nature of expense	**(1,644,206)**	**(1,217,369)**
Cost of sales	(1,319,448)	(958,166)
Distribution costs and marketing expenses	(193,447)	(154,009)
Warehousing costs	(113,861)	(88,353)
Management and administrative expenses	(17,450)	(16,841)
Total costs by function of expense	**(1,644,206)**	**(1,217,369)**

8. Other net gains (losses)

	Period ended June 30th 2023	Period ended June 30th 2022
Foreign exchange gains or losses on operating activities – unrealised	519	(252)
Foreign exchange gains or losses on operating activities – realised	1,140	1,008
Gains/losses on impairment of receivables	(213)	(640)
Other	342	114
Other gains (losses) net	**1,788**	**230**

9. Finance income

	Period ended June 30th 2023	Period ended June 30th 2022
Gains on share in profit or loss of related entities	6,818	4,886
Gains on corporate surety provided (i)	112	-
Foreign exchange gains (losses) on financing activities	2,521	-

Interest on loans to related entities	-	104
Interest on loans to other entities	104	-
Interest on trade receivables	80	53
Other finance income	150	103
Total finance income	**9,785**	**5,146**

10. Finance costs

	Period ended June 30th 2023	Period ended June 30th 2022
Interest expense:		
Interest on term and overdraft facilities	(7,467)	(5,002)
Interest on non-bank borrowings from related entities	(1,239)	(668)
Interest on lease liabilities (other leases)	(3,158)	(1,325)
Interest on lease liabilities (office and warehouse space leases)	(1,770)	(512)
Other interest expense	(74)	(12)
	(13,708)	(7,519)
Other finance costs:		
Foreign exchange gains (losses) on financing activities	-	(537)
Cost of corporate surety received (i)	(338)	(284)
Credit commissions and fees	(403)	(346)
Factoring commissions and fees	(3)	(35)
Other finance costs	(37)	(32)
	(781)	(1,234)
Total finance costs	**(14,489)**	**(8,753)**

11. Income tax

	Period ended June 30th 2023	Period ended June 30th 2022
Profit before tax	**128,068**	**126,526**
Income tax at 19%	(24,333)	(24,040)
Difference	528	402
Total income tax in the statement of comprehensive income	**(23,805)**	**(23,638)**
including:		
Current income tax:		
For current year	(28,829)	(30,251)
For previous years	(322)	(68)
	(29,151)	(30,319)
Deferred income tax:		
For current year	5,346	6,681
	5,346	6,681
	(23,805)	**(23,638)**

Profit before tax	**128,068**	**126,526**
Income tax	23,805	23,638
Effective tax rate	**18.59%**	**18.68%**

Current tax assets and liabilities

	As at June 30th 2023	As at December 31st 2022
Current tax liability	13,481	18,642

12. Property, plant and equipment

-	As at June 30th 2023	As at December 31st 2022
Buildings and structures	74,961	70,274
Machinery and equipment	109,948	85,941
Vehicles	14,517	13,728
Other	48,937	46,746
Property, plant and equipment under construction	15,665	31,390
Total carrying amount of property, plant and equipment	**264,028**	**248,079**

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 2023	As at December 31st 2022
Buildings and structures	71,865	67,472
Machinery and equipment	68,032	46,774
Vehicles	9,852	9,255
Other	24,473	23,308
Property, plant and equipment under construction (i)	-	22,893
Total carrying amount of property, plant and equipment under right-of-use arrangements	**174,222**	**169,702**

-	Period ended June 30th 2023	Period ended June 30th 2022
Buildings and structures	8,932	6,773
Machinery and equipment	3,683	2,582
Vehicles	723	559
Other	687	655
Total depreciation of property, plant and equipment under right-of-use arrangements	**14,025**	**10,569**

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 19.

(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 2021	**82,124**	**73,234**	**21,222**	**55,076**	**21,200**	**252,856**
Increase						
Purchase	519	16,996	154	3,729	6,483	**27,881**
Accounting for property, plant and equipment under construction – purchase	17	724	-	450	(1,191)	**-**
Leases	37,818	13,867	3,997	4,485	22,893	**83,060**
Accounting for property, plant and equipment under construction – leases	-	17,995	-	-	(17,995)	**-**
Other	-	-	4	-	-	**4**
Decrease						
Disposal	-	(54)	(557)	(141)	-	**(752)**

Retirement	-	(5)	(107)	-	-	**(112)**
Other	(5)	(70)	-	(3)	-	**(78)**
Gross carrying amount as at December 31st 2022	**120,473**	**122,687**	**24,713**	**63,596**	**31,390**	**362,859**
Increase						
Purchase	416	4,031	273	1,499	8,349	**14,568**
Accounting for property, plant and equipment under construction – purchase	135	945	-	102	(1,182)	**-**
Leases	13,326	2,883	1,664	2,252	-	**20,125**
Accounting for property, plant and equipment under construction – leases	-	22,601	-	291	(22,892)	**-**
Other	-	-	-	-	-	**-**
Decrease						
Disposal	-	(4)	(242)	(68)	-	**(314)**
Retirement	(90)		(129)	(29)	-	**(248)**
Other	-	(67)			-	**(67)**
Gross carrying amount as at June 30th 2023	**134,260**	**153,076**	**26,279**	**67,643**	**15,665**	**396,923**
Accumulated depreciation as at December 31st 2021	**34,888**	**27,799**	**9,570**	**13,602**	**-**	**85,859**
Depreciation in period	15,311	8,997	1,895	3,322	-	**29,525**
Disposal	-	(47)	(426)	(74)	-	**(547)**
Retirement	-	(3)	(54)	-	-	**(57)**
Other	-	-	-	-	-	**-**
Accumulated depreciation as at December 31st 2022	**50,199**	**36,746**	**10,985**	**16,850**	**-**	**114,780**
Depreciation in period	9,190	6,386	1,018	1,885	-	**18,479**
Disposal	-	(3)	(165)	(22)	-	**(190)**
Retirement	(90)	-	(74)	(7)	-	**(171)**
Other	-	(1)	(2)	-	-	**(3)**
Accumulated depreciation as at June 30th 2023	**59,299**	**43,128**	**11,762**	**18,706**	**-**	**132,895**
Net carrying amount as at December 31st 2022	**70,274**	**85,941**	**13,728**	**46,746**	**31,390**	**248,079**
Net carrying amount as at June 30th 2023	**74,961**	**109,948**	**14,517**	**48,937**	**15,665**	**264,028**

13. Intangible assets

-	**As at June 30th 2023**	**As at December 31st 2022**
Software	15,873	14,154
Intangible assets under development	15,662	12,889
Total carrying amount of intangible assets	**31,535**	**27,043**

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 2023**	**As at December 31st 2022**
Software	3,089	3,347
Total carrying amount of right-of-use intangible assets	**3,089**	**3,347**

-	**Period ended June 30th 2023**	**Period ended June 30th 2022**

Software	233	254
Total amortisation of right-of-use intangible assets	**233**	**254**

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at December 31st 2021	**24,855**	**343**	**10,429**	**35,627**
Increase				
Purchase	2,245	-	6,870	**9,115**
Accounting for intangible assets under development – purchase	4,410	-	(4,410)	**-**
Leases	251	-	-	**251**
Other	-	-	-	**-**
Gross carrying amount as at December 31st 2022	**31,761**	**343**	**12,889**	**44,993**
Increase				
Purchase	596	-	5,527	**6,123**
Accounting for intangible assets under development – purchase	2,754	-	(2,754)	**-**
Leases	-	-	-	**-**
Other	-	-	-	**-**
Gross carrying amount as at June 30th 2023	**35,111**	**343**	**15,662**	**51,116**
Accumulated amortisation as at December 31st 2021	**14,725**	**343**	**-**	**15,068**
Amortisation in period	2,882	-	-	**2,882**
Accumulated amortisation as at December 31st 2022	**17,607**	**343**	**-**	**17,950**
Amortisation in period	1,631	-	-	**1,631**
Accumulated amortisation as at June 30th 2023	**19,238**	**343**	**-**	**19,581**
Net carrying amount as at December 31st 2022	**14,154**	**-**	**12,889**	**27,043**
Net carrying amount as at June 30th 2023	**15,873**	**-**	**15,662**	**31,535**

14. Investments in related and other entities

	Principal business	Registered office	% ownership interest	
			As at June 30th 2023	As at December 31st 2022
Maxgear Sp. z o.o. Sp. kom.	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	Timisoara, Romania	100%	100%

	As at June 30th 2023	As at December 31st 2022
Shares in subsidiaries	931	931
Contributions to limited partnership	29,517	29,517
Shares in other entities	110	110
Total	**30,558**	**30,558**

15. Other financial assets

	As at June 30th 2023	As at December 31st 2022
Loans measured at amortised cost		
Loans to related entities	-	-
Loans to other entities	105	4
Total	**105**	**4**
including: Long-term	-	-
Short-term	105	4
Total	**105**	**4**

On January 2nd 2023, an agreement was signed with Global One Automotive GmbH of Frankfurt whereby the Company advanced a loan of EUR 750 thousand to Global One. The loan bore interest at 3M EURIBOR + margin. The agreement was concluded for a definite term from February 1st 2023 to July 31st 2023. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017). The loan was repaid on June 30th 2023.

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

16. Inventories and contract assets

16.1 Inventories

Merchandise is stored in central and subsidiary warehouses and is, in principle, fully insured against theft, burglary, robbery, fire, and other natural calamities (except where the insurer excluded specific risks or lowered the amount of indemnification for such risks).

	As at June 30th 2023	As at December 31st 2022
Merchandise	939,318	910,698
Write-downs	(8,679)	(8,976)
Total	**930,639**	**901,722**

<u>Inventory write-down</u>

	Period ended June 30th 2023	Period ended June 30th 2022
At beginning of period	**(8,976)**	**(10,321)**
Decrease	2,067	1,555
Increase	(1,770)	(1,327)
As at end of period	**(8,679)**	**(10,093)**

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 19. The amount of liabilities secured with the pledge is presented below.

-	As at June 30th 2023	As at December 31st 2022
Liabilities secured with pledge on inventories	162,976	232,891

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

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

-	Period ended June 30th 2023	Period ended June 30th 2022
Cost of sales	(1,319,448)	(958,166)
Distribution costs	(3,706)	(2,451)
Total inventory cost recognised	**(1,323,154)**	**(960,617)**

16.2 Contract assets

	As at June 30th 2023	As at December 31st 2022
Contract asset	20,205	13,584

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.

17. Trade and other receivables

	As at June 30th 2023	As at December 31st 2022
Trade receivables payable up to 12 months	214,563	194,351
Trade receivables payable in more than 12 months	3,482	2,274
Trade receivables from suppliers	48,673	68,207
Impairment losses on trade receivables	(8,882)	(8,377)
Total trade receivables	**257,836**	**256,455**

Receivables under share of profit of subsidiary limited partnership	5,709	12,104
Receivables from card and online payment system operators	2,278	1,458
Rent deposits receivable (i)	1,927	1,915
Other financial receivables (ii)	3,981	3,769
Impairment losses on other receivables	(32)	(37)
Total trade and other financial receivables	**271,699**	**275,664**
Prepaid deliveries	3,180	2,847
Receivables on sale of property, plant and equipment	-	-
Prepayments and accrued income	9,416	6,567
VAT tax to be settled in future periods/refunded to bank account	22,223	23,007
Other non-financial receivables	1,299	852
Total non-financial receivables	**36,118**	**33,273**
Total trade and other receivables	**307,817**	**308,937**
Other long-term receivables	4,093	4,160
Trade and other receivables	303,724	304,777
Total trade and other receivables	**307,817**	**308,937**

The aging of trade receivables is presented in the table below.

	As at June 30th 2023	**As at December 31st 2022**
not past due	224,827	215,817
past due 1-30 days	14,664	23,474
past due 31-90 days	6,428	6,748
past due 91-120 days	2,538	1,780
past due 121-180 days	3,182	3,098
past due 181-360 days	5,890	5,176
over 360 days	307	362
Total trade receivables	**257,836**	**256,455**

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

	As at June 30th 2023	**As at December 31st 2022**
not past due	(1,065)	(1,074)
past due 1-30 days	(85)	(80)
past due 31-90 days	(51)	(90)
past due 91-120 days	(132)	(208)
past due 121-180 days	(161)	(221)
past due 181-360 days	(950)	(468)
over 360 days	(6,438)	(6,236)
Total impairment losses on trade receivables	**(8,882)**	**(8,377)**

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

-	Period ended June 30th 2023	Period ended June 30th 2022
At beginning of period	**(8,377)**	**(7,313)**
Recognised	(975)	(1,460)
Write-off	383	224
Decrease	87	486
As at end of period	**(8,882)**	**(8,063)**

Trade and other receivables pledged as security

Trade receivables are pledged as security for credit facilities; for details, see Note 19. The amount of receivables pledged as security in the reporting periods is presented below.

	As at June 30th 2023	As at December 31st 2022
Receivables pledged as security	127,257	92,595

18. Equity

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

	As at June 30th 2023	As at December 31st 2022
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 2023	As at December 31st 2022
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Capital from issue of warrants	2,103	2,103
Retained earnings	830,510	745,840
Total equity	**951,974**	**867,304**

19. Borrowings

	As at June 30th 2023	As at December 31st 2022
Unsecured – at amortised cost		
Borrowings from related entities	27,938	28,035
	27,938	**28,035**
Secured – at amortised cost		
Overdraft facilities	10,672	85,461
Bank borrowings	152,304	162,533
	162,976	**247,994**
Total borrowings	**190,914**	**276,029**
Current liabilities (i)	113,914	137,329
Non-current liabilities	77,000	138,700
Total borrowings	**190,914**	**276,029**

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

Credit facility agreements and non-bank borrowings:

	Agreement	Repayment date	Credit limit	Currency	Interest rate	As at June 30th 2023	As at December 31st 2022
ING Bank Śląski S.A.	Multi-product facility agreement of October 19th 2015 No. **882/2015/00000925/00**	October 10th 2024	177,000				
	working capital facility in bank account			PLN	1M WIBOR + margin	4,225	22,679
	working capital facility in credit account			PLN	1M WIBOR + margin	77,143	97,244
	working capital facility in credit account			EUR	1M EURIBOR + margin	-	-

Within the credit limit granted under the agreement, the subsidiary Maxgear Sp. z o.o. Sp.k. is entitled to draw up to PLN 40,000 thousand, including under the PLN-denominated working capital facility in a bank account (1M WIBOR + margin) and the USD-denominated working capital facility in a credit account (1M SOFR + margin). As at June 30th 2023, Maxgear Sp. z o.o. Sp.k.'s debt outstanding under the multi-product facility agreement (PLN-denominated working capital facility in a bank account) was PLN 19,037 thousand. Both companies are jointly and severally liable for the obligations arsing under the agreement. Security: (a) registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) of up to PLN 270,000 thousand, (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 270,000 thousand, (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 270,000 thousand, (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 270,000 thousand, (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700 thousand.

	Agreement	Repayment date	Credit limit	Currency	Interest rate	As at June 30th 2023	As at December 31st 2022
Santander Bank Polska S.A.	Multi-facility agreement of September 26th 2016 No. **K00922/16**	March 31st 2024	90,000				
	working capital facility in bank account			PLN	1M WIBOR + margin	-	4,111
	working capital facility in bank account			EUR	1M EURIBOR + margin	21	-
	working capital facility in credit account			PLN	1M WIBOR + margin	50,000	25,000

The facility is secured with: a) 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 135,000 thousand; 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 thousand; 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 15,000 thousand; 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.

mBank S.A.	Overdraft facility agreement of October 22nd 2019 No. **11/145/19/Z/VV**	September 30th 2025	50,000				
	working capital facility in bank account			PLN	O/N WIBOR + margin	33	48,732
	working capital facility in bank account			EUR	O/N ESTR + margin	-	-
Security: (a) a registered pledge over inventories of merchandise with a value of PLN 75,000 thousand, (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 75,000 thousand, (d) subordination of claims under the loans provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000 thousand.							
mBank S.A.	Working capital facility in credit account agreement of December 13th 2022 No. **11/168/22/Z/OB**.	December 12th 2024	15,000				
	working capital facility in credit account			PLN	1M WIBOR + margin	-	15,103
The agreement expired on March 27th 2023 following repayment of the facility. The credit facility (11/168/22/Z/OB) is secured with the Company's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 22,500 thousand.							
mBank S.A.	Working capital facility in credit account agreement of April 5th 2023 No. **11/026/23/Z/LE**.	December 12th 2024	15,000				
	working capital facility in credit account			PLN	1M WIBOR + margin	-	-
The credit facility is secured with the Company's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure for up to PLN 22,500 thousand.							
BNP Paribas Bank Polska S.A.	Multi-purpose credit facility agreement No. **WAR/8806/21/537/CB** of September 13th 2021	September 11th 2025	50,000				
	working capital facility in bank account			PLN	1M WIBOR + margin	826	9,939
	working capital facility in bank account			EUR	1M EURIBOR + margin	5,567	-
Within the credit limit granted under the agreement, the subsidiary Maxgear Sp. z o.o. Sp.k. is entitled to draw up to PLN 35,000 thousand, including under the PLN-denominated working capital facility in a bank account (1M WIBOR + margin) and the USD-denominated working capital facility in a bank account (SOFR + margin). As at June 30th 2023, Maxgear Sp. z o.o. Sp.k. did not have any debt under the agreement. The companies are liable for the obligations arising under the agreement up to the amounts specified therein. Security: a) declaration by Auto Partner S.A. on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 75,000 thousand, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 12th 2034; b) declaration by Maxgear Sp. z o.o. Sp. kom. on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 52,500 thousand, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; c) registered pledge with the maximum security amount of PLN 60,000 thousand 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 60,000 thousand. 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; d) 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 50,000 thousand; e) 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 thousand to the facility.							
BNP Paribas Bank Polska S.A.	Revolving credit facility agreement No. **WAR/8806/22/17/CB** of January 24th 2022	September 11th 2025	25,000				
	working capital facility in credit account			PLN	1M WIBOR + margin	25,161	25,186
Security: a) a registered pledge with the maximum security amount of PLN 37,500 thousand over inventories of the borrower's merchandise held at the borrower's branches, b) 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 thousand, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for January 30th 2023, c) 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 thousand, d) an agreement on subordination of claims under the loans provided to the borrower by Katarzyna Górecka and Aleksander Górecki to the credit facility.							
Credit Agricole Bank Polska S.A.	Investment credit facility agreement No. **KRI/S/8/2022** of September 13th 2022 Availability period: until September 13th 2024	September 15th 2028	10,000				
	investment credit facility in credit account			PLN	1M WIBOR + margin	-	-

Security: 1) registered pledge over the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility, 2) assignment of any claims under insurance policies covering the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility, 3) subordination of a loan obtained from Katarzyna Górecka and Aleksander Górecki for up to PLN 26,700 thousand, 4) submission to enforcement under Art. 777.1 of the Code of Civil Procedure in respect of the contractual payment obligations under the Agreement, for up to PLN 12,000 thousand.							
Katarzyna Górecka and Aleksander Górecki	Shareholder loan agreement of January 2nd 2014	January 2nd 2024	26,700				
	loan agreement			PLN	3M WIBOR + margin	27,938	28,035
Security: none.							
	Total borrowings					**190,914**	**276,029**

20. Trade and other payables

20.1 Trade and other payables

	As at June 30th 2023	**As at December 31st 2022**
Trade payables due in up to 12 months	277,357	195,715
Trade receivables from suppliers	(61,311)	(24,655)
Taxes, customs duties, social security and other benefits payable	3,361	1,268
Liabilities arising from acquisition of property, plant and equipment and intangible assets	2,470	752
Other liabilities	212	221
	222,089	**173,301**
Current liabilities	222,089	173,301
Total	**222,089**	**173,301**

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

20.2 Contract liabilities

	As at June 30th 2023	**As at December 31st 2022**
Contract liabilities	1,144	629
Right-of-return liabilities (i)	27,668	18,682
Total	**28,812**	**19,311**

(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.

21. 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 2023	As at December 31st 2022
Current lease liabilities	37,516	38,565
Non-current lease liabilities	108,580	111,070
Total	**146,096**	**149,635**

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 2023	Period ended June 30th 2022
Cost of short-term leases (i)	5,595	5,015
Cost of leases not disclosed due to the low value of underlying assets (ii)	749	742
Total	**6,344**	**5,757**

(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 12 and 13. For information on the amount of interest, see Note 10.

22. Employee benefit obligations and provisions

	As at June 30th 2023	As at December 31st 2022
Salaries and wages payable	11,208	9,210
Social security and Employee Capital Plan obligations	11,545	8,925
Provision for accrued holiday entitlements	7,172	4,259
Provision for retirement and disability benefit obligations	721	498
Provision for obligations under the Incentive Scheme for 2022	-	7,600
Obligation under the Incentive Scheme for 2020 (i)	-	348
Obligation under the Incentive Scheme for 2022 (ii)	2,280	-
	32,926	**30,840**
Long-term employee benefit obligations and provisions	2,143	2,661
Short-term employee benefit obligations and provisions	30,783	28,179
Total	**32,926**	**30,840**

The table below shows changes in provisions:

	Period ended June 30th 2023	Period ended June 30th 2022
Provision for accrued holiday entitlements	(2,913)	(2,120)
Provision for retirement and disability benefit obligations	(223)	156
Provision for obligations under the Incentive Scheme for 2019	-	134
Provision for obligations under the Incentive Scheme for 2020	348	695
Provision for obligations under the Incentive Scheme for 2021	-	1,440
Provision for obligations under the Incentive Scheme for 2022	5,320	(3,500)
Total	**2,532**	**(3,195)**

	As at December 31st 2022	recognised	reversed	used	As at June 30th 2023
Provision for accrued holiday entitlements	4,259	4,521	-	(1,608)	7,172
Provision for retirement and disability benefit obligations	498	250	-	(27)	721
Provision for obligations under the Incentive Scheme for 2020	348	-	-	(348)	-
Provision for obligations under the Incentive Scheme for 2022	7,600	-	-	(5,320)	2,280
Total	**12,705**	**4,771**	**-**	**(7,303)**	**10,173**

(i) For detailed information on the Incentive Scheme for 2019–2021, see the Directors' Report on the Company's and the Group's operations in 2021, available at https://ir.autopartner.com/raporty/#raporty-okresowe

	bonus granted for 2020	bonus paid			Obligations as at June 30th 2023
		in 2021	in 2022	in 2023	
Management Board	3,476	(2,434)	(694)	(348)	-

(ii) For detailed information on the incentive bonus for 2022, see Part III *Interim Directors' Report on the operations of the Group* in this Report.

	bonus granted for 2022	bonus paid	Obligations as at June 30th 2023
		in 2023	
Management Board	7,600	(5,320)	2,280

23. Financial instruments

	As at June 30th 2023	As at December 31st 2022
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:	**295,454**	**307,699**
Cash	*23,650*	*32,031*
Trade and other financial receivables	*265,990*	*263,560*
Share of profit receivables	*5,709*	*12,104*
Loans	*105*	*4*
Measured at fair value through other comprehensive income	**-**	**-**
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:	**410,574**	**448,470**
Trade payables	*216,046*	*171,060*
Contract liabilities	*1,144*	*629*
Liabilities arising from acquisition of property, plant and equipment and intangible assets	*2,470*	*752*
Borrowings	*190,914*	*276,029*

Non-IFRS 9 financial liabilities – lease liabilities	146,096	149,635

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 June 30th 2023, 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.

24. 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 2023**	**Period ended June 30th 2022**
Maxgear Sp. z o.o. Sp. komandytowa	**3,727**	**3,269**
including:		
sales of goods	*1*	*-*
sales of services	*3,438*	*3,062*
re-charge of costs	*288*	*207*
AP Auto Partner CZ s.r.o.	**12,294**	**9,805**
including:		
sales of goods	*12,167*	*9,708*
sales of services	*84*	*87*
re-charge of costs	*43*	*10*
Total	**16,021**	**13,074**

Finance income	**Period ended June 30th 2023**	**Period ended June 30th 2022**
Maxgear Sp. z o.o. Sp. komandytowa	**5,821**	**4,976**
including:		
share of profit	*5,709*	*4,886*
corporate surety	*112*	*90*
Maxgear Sp. z o.o.	**1,109**	**-**
including:		
distribution of profit allocated to statutory reserve funds	*1,109*	*-*
AP Auto Partner CZ s.r.o.	**-**	**36**
including:		
interest on loan advanced	*-*	*31*
interest on finance lease	*-*	*5*
Total	**6,930**	**5,012**

Finance costs	Period ended June 30th 2023	Period ended June 30th 2022
Maxgear Sp. z o.o. Sp. komandytowa	**(338)**	**(284)**
including:		
corporate surety	*(338)*	*(284)*
Total	**(338)**	**(284)**

Purchase of goods and other purchases	Period ended June 30th 2023	Period ended June 30th 2022
Maxgear Sp. z o.o. Sp. komandytowa	**162,075**	**251,014**
including:		
purchase of goods	*162,075*	*251,014*
Total	**162,075**	**251,014**

Receivables	As at June 30th 2023	As at December 31st 2022
Maxgear Sp. z o.o. Sp. komandytowa	**5,709**	**12,225**
including:		
trade receivables	*-*	*121*
share of profit receivables	*5,709*	*12,104*
AP Auto Partner CZ s.r.o.	**15,714**	**15,523**
including:		
trade receivables	*15,714*	*15,523*
Total	**21,423**	**27,748**

Liabilities	As at June 30th 2023	As at December 31st 2022
Maxgear Sp. z o.o. Sp. komandytowa	**10,405**	**63,806**
including:		
trade payables	*10,405*	*63,806*
Total	**10,405**	**63,806**

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 2023	Period ended June 30th 2022
entities related to members of the Management Board and the Supervisory Board	**20**	**75**
including:		
sales of goods	-	*2*
re-charge of costs	*20*	*73*
members of management boards of subsidiaries	**9**	**8**
including:		
sales of goods	*1*	-
re-charge of costs	*8*	*8*
Total	**29**	**83**

Purchase of goods and services and other purchases	Period ended June 30th 2023	Period ended June 30th 2022
entities related to members of the Management Board and the Supervisory Board	**1,141**	**884**
including:		
purchase of services	*1,141*	*884*
members of management boards of subsidiaries	**270**	**51**
including:		
purchase of services	*270*	*51*
Total	**1,411**	**935**

Receivables	As at June 30th 2023	As at December 31st 2022
entities related to members of the Management Board and the Supervisory Board	6	10
members of management boards of subsidiaries	1	-
Total	**7**	**10**

Liabilities	As at June 30th 2023	As at December 31st 2022
entities related to members of the Management Board and the Supervisory Board	282	214
members of management boards of subsidiaries	46	7
Total	**328**	**221**

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 2023	Period ended June 30th 2022
Management Board members	**18**	**31**
including:		
re-charge of costs	*18*	*31*
Total	**18**	**31**

Receivables	As at June 30th 2023	As at December 31st 2022

Management Board members	546	322
Total	**546**	**322**

Salaries	**Period ended June 30th 2023**	**Period ended June 30th 2022**
Management Board members	470	3,813
Supervisory Board	111	68
Total	**581**	**3,881**

Obligation under the Incentive Scheme	**Period ended June 30th 2023**	**Period ended June 30th 2022**
Management Board members (Note 22)	2,280	348
Total	**2,280**	**348**

Loans advanced by shareholders to the Company.

Loans received	**As at June 30th 2023**	**As at December 31st 2022**
Shareholder loan (Note 19)	27,938	28,035
Total	**27,938**	**28,035**

Finance costs	**Period ended June 30th 2023**	**Period ended June 30th 2022**
Interest expense recognised	(1,239)	(668)
Total	**(1,239)**	**(668)**

25. Dividend for 2022

On March 31st 2023, the Management Board of the Company passed a resolution to recommend that the Annual General Meeting ("AGM") vote to pay dividend of PLN 19,593,000, i.e. PLN 0.15 per share, for the financial year 2022 On April 17th 2023, the Supervisory Board resolved to endorse the Management Board's recommendation. At its meeting held on May 25th 2023, the Annual General Meeting passed a resolution granting the request, setting June 1st 2023 as the dividend record date. The dividend was paid on June 15th 2023.

26. 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 19.

– PLN 722 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until July 15th 2026, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 19.

– 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 December 31st 2024, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 19.

- 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 19.

– EUR 485 thousand bank guarantee No. DOK1141GWB22WS of March 25th 2022 (as amended), provided in connection with a contract for rent of property in Mysłowice, valid until September 30th 2024, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 19.

– 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 19.

- PLN 3,000 thousand bank guarantee No. KLG84169IN22 of November 17th 2022, provided in connection with a distribution agreement, valid until December 29th 2023, granted within the credit limit of the facility provided by ING Bank Śląski S.A.; see Note 19.

- PLN 2,000 thousand bank guarantee No. KLG87054IN23 of April 3rd 2023, provided in connection with a distribution agreement, valid until December 31st 2024, granted within the credit limit of the facility provided by ING Bank Śląski S.A.; see Note 19.

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, which primarily comprise warehouse equipment, available for use by the Company by June 30th 2023. The amount of future lease liabilities is PLN 107,768 thousand.

27. Events subsequent to the reporting date

On September 12th 2023, the following amendments were signed with BNP Paribas Bank Polska S.A.: Amendment 3 to multi-purpose credit facility agreement No. **WAR/8806/21/537/CB** of September 13th 2021, whereby the facility maturity date was changed to September 11th 2025, and Amendment 1 to revolving credit facility agreement No. **WAR/8806/22/17/CB** of January 24th 2022, whereby the facility maturity date was changed to September 11th 2025.

On September 12th 2023, Amendment 1 was signed to investment credit facility agreement No. **KRI/S/8/2022** of September 13th 2022 with **Credit Agricole Bank Polska S.A.**, whereby the facility availability period was changed to until September 13th 2024 and the facility maturity date to September 15th 2028, and the credit limit under the facility was increased to PLN 15,000 thousand.

28. 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 half of 2023 the Company did not identify any impediments to its business or any direct impact on its financial performance.

29. 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.

30. 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 13th 2023.

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

1. The Company and 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:

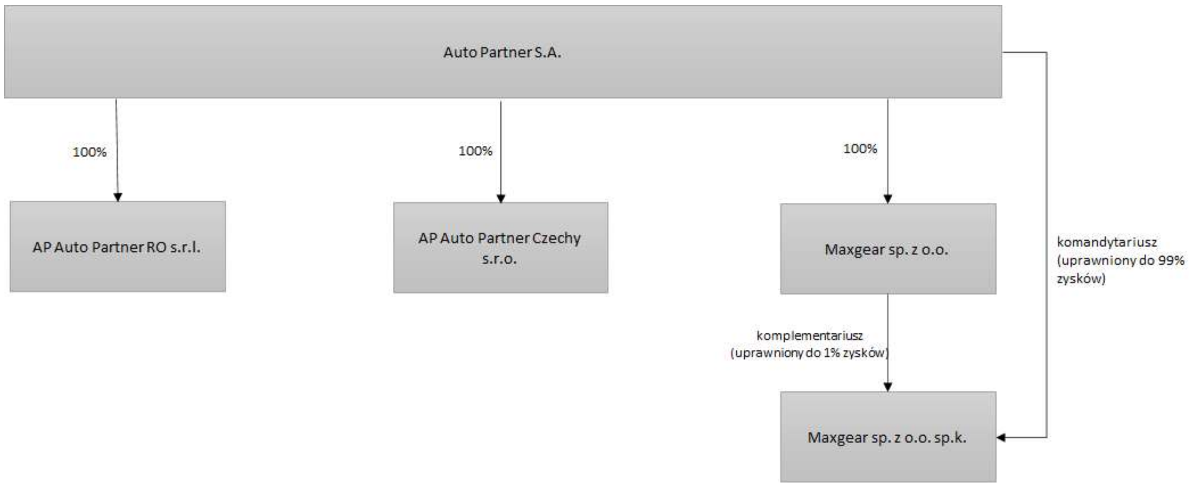
Registered office:	Bieruń
Legal form:	joint stock company
Country of incorporation:	Poland
Address:	ul. Ekonomiczna 20, 43-150 Bieruń
Tel./Fax:	+48 32 325 15 00 / +48 32 325 15 20
Email:	kontakt@autopartner.com
Website:	www.autopartner.com

As at June 30th 2023, 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.

Komplementariusz (uprawniony do 1% zysków)	General partner (entitled to 1% of net profit)
Komandytariusz (uprawniony do 99% zysków)	Limited partner (entitled to 99% of net profit)

<u>Material subsidiaries of Auto Partner S.A.</u>

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. Maxgear sp. z o.o. is wholly owned by the Company, which holds 100% of its shares and the right to exercise all 100 voting rights at its General Meeting.

The company 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 continued building of the value of its private label brands. 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 accounting used in preparing the half-year condensed consolidated financial statements. Key threats and risks expected in the six months remaining to the end of the financial year

Basis of accounting used in preparing 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
- Risk related to fire erupting on the Company's premises

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 2023

1. On January 2nd 2023, the Company entered into an agreement with Global One Automotive GmbH of Frankfurt whereby it advanced a loan of EUR 750,000.00 to Global One. The agreement was concluded for a definite term until July 31st 2023. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).
2. On February 6th 2023, the Company signed an amendment to a lease contract with Westinvest Gesellschaft für Investmentfonds mbH of Düsseldorf, Germany. The term of the lease contract concerning the Company's registered office and warehouse in Bieruń was extended until May 30th 2034.
3. February 15th 2023 saw the execution of Amendment 2 to the loan agreement signed on January 2nd 2014 with the Company's shareholders Aleksander Górecki and Katarzyna Górecka. The Amendment changed the terms and conditions concerning interest charged on the loan: as of January 1st 2023 the interest rate will be variable and based on 3M WIBOR plus a margin (previously the interest rate was fixed).
4. On February 6th 2023, the Company signed an amendment to the Multi-Facility Agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of September 26th 2016, as subsequently amended from time to time. The amendment increased the multi-facility limit from PLN 65,000,000.00 (including, among others, a credit facility sublimit in the euro) to a maximum amount of PLN 90,000,000. The facility is to be used to finance the day-to-day operations of Auto Partner S.A. The availability of the limits under the multi-facility was extended until March 31st 2026. Interest on the debt is calculated based on floating rates (plus a margin): 1M WIBOR for debt in the Polish złoty and 1M EURIBOR for debt in the euro.
5. On February 10th 2023, at the Company's request, all contractual security instruments were released and the reverse factoring agreement executed with Santander Factoring Sp. z o.o. on March 29th 2019 was formally terminated.
6. On February 21st 2023, the Company signed a deed establishing a foundation under the name Auto Partner with its seat in Bieruń. The Foundation's objects are as follows: provision of social assistance, charitable activities, educational activities, health protection and promotion, promotion of volunteering, ecology and animal protection, and protection of natural heritage, cultural activities, promotion of physical culture and sport, assistance to victims of catastrophes, natural disasters, armed conflicts and wars in Poland and abroad, public order and security activities.
7. On March 31st 2023, the Management Board of the Company passed a resolution to recommend that the Annual General Meeting vote to pay dividend of PLN 19,593,000, i.e. PLN 0.15 per share, for the financial year 2022. At the meeting held on April 17th 2023, the Supervisory Board endorsed the recommendation. At its meeting held on May 25th 2023, the Annual General Meeting passed a resolution granting the request, setting June 1st 2023 as the dividend record date. The dividend was paid on June 15th 2023.
8. Following repayment on March 27th 2023 of a non-revolving working capital facility of PLN 15,000,000, granted by mBank S.A., on April 5th 2023 the Company signed a working capital credit facility agreement with mBank S.A. of Warsaw. Under the agreement, a revolving working capital credit facility of PLN 15,000,000 was advanced to the Company to finance its day-to-day operations. The facility, repayable by December 12th 2024, has a floating interest rate of 1M WIBOR plus a margin.
9. On May 31st 2023, the Supervisory Board of the Company resolved to determine the amount of bonuses for 2022 for members of the Company's Management Board under the Rules of the Incentive Scheme for 2022–2024, based on verification of delivery of the business targets provided for in the Scheme. Pursuant to the resolution and based on the Rules of the Incentive Scheme of September 10th 2021, as amended, and on the data contained in the audited consolidated financial statements of the Auto Partner Group for 2022 that were received by the Annual General Meeting

on May 25th 2023, as well as on the verification of delivery of the business targets provided for in the Rules, the Supervisory Board decided to grant bonuses for 2022 to the Scheme participants Andrzej Manowski, Vice President of the Management Board, Piotr Janta, Vice President of the Management Board, and Tomasz Werbiński, Member of the Management Board. With the achievement of the financial objectives in 2022, the amount allocated for bonuses for the entire duration of the Incentive Scheme for 2022–2024 was already exhausted in 2022.

10. On May 31st 2023, the General Meeting of MAXGEAR Spółka z ograniczoną odpowiedzialnością resolved to determine the amount of bonuses for members of the Company's Management Board under the Rules of the Incentive Scheme for 2022–2024, based on verification of delivery of the business targets provided for in the Scheme. Pursuant to the resolution and based on the Rules of the Incentive Scheme as adopted by the General Meeting on January 10th 2022 the General Meeting of MAXGEAR Sp. z o.o. decided to grant bonuses for 2022 to the Scheme participants Grzegorz Pal and Arkadiusz Cieplak, Members of the Management Board. With the achievement of the financial objectives in 2022, the amount allocated for bonuses for the entire duration of the Incentive Scheme for 2022–2024 was already exhausted in 2022.

The Company's financial performance was also affected by:

- continued expansion and sales growth,
- a periodic decrease in gross margin relative to previous periods, largely attributable to sales of inventory purchased in the second half of 2022, which saw unprecedented depreciation of the PLN and inflated transport costs, at a time of a strongly appreciated PLN against the EUR and the USD, coupled with a significant decline in freight rates,
- year-on-year increase in interest rates (in the first half of 2022, the WIBOR benchmarks were on average significantly lower than in the first half of 2023), which translated into considerably higher finance costs,
- salary increases to keep pace with inflation,
- effective inventory and procurement management, which enabled keeping liabilities under borrowings and leases as at the reporting date largely unchanged year on year. The net debt to EBITDA ratio remained low, standing at 0.9 as at the reporting date.

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 2023 the Group did not identify any impediments to its business or any direct impact on its financial performance.

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.

5. Changes in the Group's key management policies

In the reporting period, there were no changes in the organisation of the Group, including changes that would result from a business combination, acquisition or loss of control of a subsidiary or a long-term investment, a demerger, restructuring or discontinuation of business activities. On February 21st 2023, by way of a deed the Company established a foundation under the name Auto Partner with its seat in Bieruń. On May 10th 2023, the foundation was entered by the District Court for Katowice-Wschód in the Register of Associations, Other Social and Professional Organisations, Foundations, and Independent Public Health Care Facilities and the Business Register.

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 2023.

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 2023 (May 16th 2023) to the date of issue of this Report (September 14th 2023), there were no changes in the large holdings of Company shares.

To the Company's best knowledge, the shareholders holding 5% or more of total voting rights as at September 14th 2023 (the issue date of this Report) were as follows:

Shareholder	Number of shares held	Number of votes at GM	Ownership interest (%)	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 2023 (May 16th 2023) to the date of issue of this Report (September 14th 2023), 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	209,000	20,900 ,00
Jarosław Plisz	Chair of the Supervisory Board	20	2.00
	total:	**28,967,597**	

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 25 to the interim condensed consolidated financial statements and Note 24 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 2023, 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 2023		June 30th 2022	
PRODUCT GROUP	sales [PLN '000]	% ownership interest	sales [PLN '000]	% ownership interest
Suspension	296,819	16.5%	226,318	16.6%
Brakes	263,003	14.6%	194,112	14.3%
Drivetrain	228,331	12.7%	174,537	12.8%
Consumables/ accessories	167,888	9.3%	123,607	9.1%
Electrical systems	167,005	9.3%	125,039	9.2%
Engine – consumables	158,894	8.8%	121,413	8.9%
Engine – repairs	151,154	8.4%	110,616	8.1%
Filters	94,164	5.2%	75,181	5.5%
Equipment for repair workshops	45,935	2.6%	38,868	2.9%
Exhaust system	44,597	2.5%	36,958	2.7%
Body	28,211	1.6%	21,331	1.6%
Air conditioning system	27,554	1.5%	21,081	1.5%
Hydraulic parts	24,709	1.4%	19,727	1.4%
Engine cooling system	22,280	1.2%	17,034	1.3%
Other	21,941	1.2%	15,101	1.1%
Turbochargers	20,300	1.1%	14,199	1.0%
Lines	10,750	0.6%	8,870	0.7%
Lighting	9,958	0.6%	7,816	0.6%
Wheel and wheel parts	6,891	0.4%	5,337	0.4%
Heating and ventilation	5,231	0.3%	3,762	0.3%
Transmission	7	0.0%	0	0.0%

Total	**1,795,622**	**100.0%**	**1,360,907**	**100.0%**
IAS adjustments, security deposits, other	-21,370		-15,696	
Total – revenue from sale of merchandise	**1,774,252**		**1,345,211**	

Source: the Group.

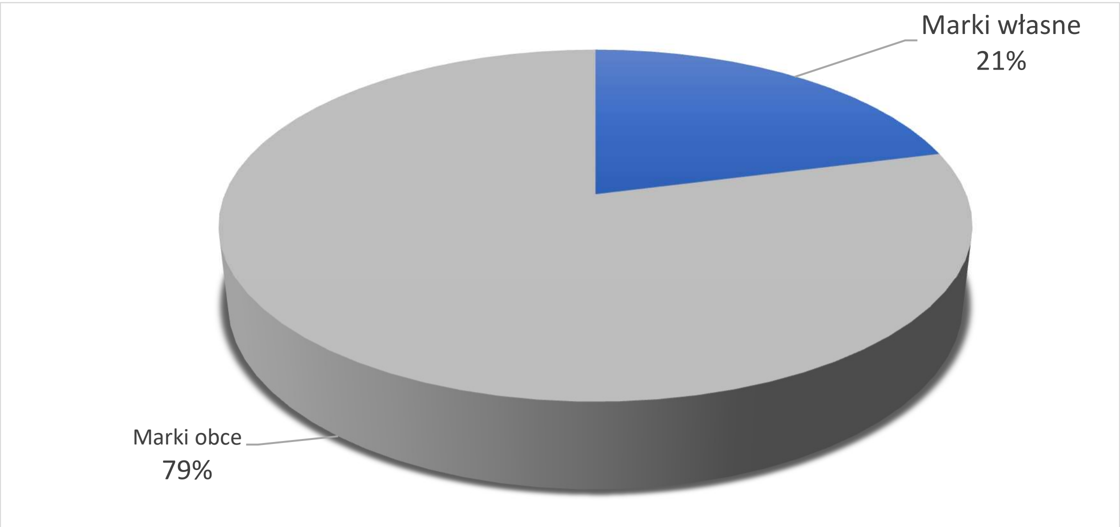
Private label brands

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.

Marki obce	Third-party brands
Marki własne	Private label brands

12.2. Overview of the Group's geographical markets

Currently, domestic sales account for close to half of the Group's revenue, and export sales for the remainder. Supplies to the Group's foreign customers in Germany, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Lithuania, Latvia, Estonia, the Netherlands, Belgium, Luxemburg, Denmark, Finland, Sweden, Norway, France, Spain, Portugal, Italy, Switzerland, United Kingdom and Ireland are mainly delivered directly from the Group's central warehouse and Pruszków and Poznań hubs.

Revenue structure by domestic and export sales:

	Period ended June 30th			
	2023		2022	
	PLN '000	share (%)	PLN '000	share (%)
Sales of merchandise – Poland	878,735	49.5%	669,776	49.7%
Sales of merchandise – EU	875,539	49.3%	666,385	49.5%
Sales of merchandise – other exports	19,978	1.1%	9,050	0.7%
Sales of services – Poland	527	0.0%	400	0.0%
Sales of services – EU	406	0.0%	908	0.1%
Total	**1,775,185**	**100%**	**1,346,519**	**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 early 2023, a new logistics centre in Poznań was opened, and work is underway to open a new logistics and storage centre in Zgorzelec.

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 branch aims to expand the customer base to include repair workshops. In 2022, AP Auto Partner CZ s.r.o. opened its second branch in the Czech Republic.

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 purchasing 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 2023.

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		
	2023	2022	2021
	PLN '000	PLN '000	PLN '000
Revenue	1,775,185	1,346,519	1,062,912
Gross profit	473,174	403,428	303,726
Operating profit	146,107	136,538	117,956
Profit before tax	133,146	127,002	115,624
Net profit	107,170	102,759	93,365

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 2023, 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 2023, the Group's revenue was PLN 1,775,185 thousand, up 31.8% year on year. Foreign sales grew +32.5%, with an almost equally strong 31.2% growth 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 2023, the Group's gross profit was PLN 473,174 thousand, up 17.3% 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. A periodic year-on-year decline in gross margin recorded in the first half of 2023 was largely attributable to sales of inventory purchased in the second half of 2022, which saw unprecedented depreciation of the PLN and inflated transport costs, at a time of a strongly appreciated PLN against the EUR and the USD, coupled with a significant decline in freight rates.

Operating profit (loss)

The Group's operating profit in the six months ended June 30th 2023 was PLN 146,107 thousand, a 7.0% increase year on year.

Costs were clearly affected by high inflation (including wage pressure).

Net profit (loss)

In the six months ended June 30th 2023, the Group posted net profit of PLN 107,170 thousand, up 4.3% year on year. Net profit and net margin were also impacted by significantly higher finance costs resulting from steep increases in interest rates. On average, in the first half of 2023 the WIBOR benchmarks were much higher than a year earlier, resulting in a corresponding year-on-year increase in finance costs despite nominal debt remaining at a similar level.

Size and structure of assets

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

	As at June 30th 2023 consolidated financial statements	As at December 31st 2022 consolidated financial statements
	PLN '000	PLN '000
Non-current assets	**304,158**	**284,690**
Current assets	**1,311,717**	**1,285,592**
Inventories and right-of-return assets	993,805	969,314
Trade and other receivables	289,456	281,343
Other assets	556	4
Cash and cash equivalents	27,900	34,931
Total assets	**1,615,875**	**1,570,282**

Source: the Group, consolidated financial statements.

As at June 30th 2023, the Group's total non-current assets increased by PLN 19,468 thousand, or 6.8% on the end of 2022. 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 2023, inventories (including right-of-return assets) amounted to PLN 993,805 thousand, up 2.5% on the end of the previous year.

At the same time, trade and other receivables rose by 2.9%. 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 2023 consolidated financial statements	As at December 31st 2022 consolidated financial statements
	PLN '000	PLN '000
Equity	**930,644**	**842,824**
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Other components of equity	1,314	1,071
Retained earnings	809,969	722,392
Liabilities	**685,231**	**727,458**

Bank borrowings, other financial liabilities	209,951	349,316
Lease liabilities	147,823	151,616
Trade payables and right-of-return liabilities	260,624	149,526
Other liabilities other than trade payables	66,833	77,000
Total equity and liabilities	**1,615,875**	**1,570,282**

Source: the Group, consolidated financial statements.

Equity

As at the end of June 2023, equity accounted for 57.6% of the Group's total equity and liabilities and amounted to PLN 930,644 thousand. Equity grew 10.4% in the reporting period, mainly due to the current period's net profit of PLN 107,170 thousand, partly offset by the payment of dividend for 2022, of PLN 19,593 thousand.

Liabilities

As at the end of June 2023, the Group's liabilities represented 42.4% of total equity and liabilities and amounted to PLN 685,231 thousand. The largest items of the Group's liabilities as at the end of June 2023 were interest-bearing liabilities (bank borrowings and leases), representing 52.2% of total liabilities, and trade payables, representing 38.0% of total liabilities.

Liquidity

In the six months ended June 30th 2023, the main sources of external financing for the Company and the Group were: (i) credit facilities (overdraft facilities and revolving working capital credit facilities), (ii) loans from the Company's shareholders, and (iii) leases.

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 2023.

	For 6 months ended June 30th consolidated financial statements	
	2023	**2022**
Net cash from operating activities	206,994	96,211
Net cash from investing activities	(18,882)	(21,131)
Net cash from financing activities	(195,047)	(48,953)
Total net cash flows	**(6,935)**	**26,127**
Cash and cash equivalents at beginning of period	34,931	16,936
Effect of exchange rate movements on net cash in foreign currencies	(96)	(62)
Cash and cash equivalents at end of period	**27,900**	**43,001**

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 2023.

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

	For 6 months ended June 30th consolidated financial statements		
	2023	2022	2021
	PLN '000	PLN '000	PLN '000
EBITDA (PLN '000)[1]	166,531	151,856	130,491
Gross margin (%)[2]	26.7	30.0	28.6
EBITDA margin (%)[3]	9.4	11.3	12.3
EBIT margin (%)[4]	8.2	10.1	11.1
Pre-tax profit margin (%)[5]	7.5	9.4	10.9
Net profit margin (%)[6]	6.0	7.6	8.8

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	
	2023	2022	2022	2021
	PLN '000	PLN '000	PLN '000	PLN '000
ROE [1] (%)	24.4	29.7	27.7	32.7
ROA [2] (%)	13.6	16.3	14.9	18.7

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 2023 and the consolidated statement of financial position as at June 30th 2023.

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

	As at consolidated financial statements			
	June 30th 2023	June 30th 2022	Dec 31 2022	Dec 31 2021
	days	days	days	days
Inventory turnover period (days)[1*]	136	151	158	141
Average collection period (days)[2]	29	33	34	30
Average payment period (days)[3]	29	27	24	23
Cash conversion cycle[4]	137	157	168	148

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 2023.

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

	As at consolidated financial statements			
	June 30th 2023	June 30th 2022	Dec 31 2022	Dec 31 2021
	PLN '000	PLN '000	PLN '000	PLN '000
Total debt ratio (%)[1]	42.4	45.0	46.3	45.5
Long-term debt ratio (%)[2]	12.4	17.4	17.2	15.0
Short-term debt ratio (%)[3]	30.0	27.6	29.2	30.5
Equity-to-debt ratio (%)[4]	135.8	122.3	115.9	119.8

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 2023.

The table below presents the Group's liquidity ratios.

	As at consolidated financial statements			
	June 30th 2023	June 30th 2022	Dec 31 2022	Dec 31 2021
	PLN '000	PLN '000	PLN '000	PLN '000
Current ratio[1]	2.70	3.02	2.81	2.75
Quick ratio[2]	0.66	0.78	0.69	0.70
Cash ratio[3]	0.06	0.13	0.08	0.05

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 2023, the Group had 2,597 employees, up 270 (10.5%) on December 31st 2022, when the headcount was 2,327.

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

Type of employment	As at June 30th 2023	As at December 31st 2022
Employment contract	2,535	2,318
Civil-law contract for specified activity	62	9
Civil-law contract for specified work	0	0
Total	**2,597**	**2,327**
Average workforce	2,558	2,322

Source: the Group.

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

Area	As at June 30th 2023	As at December 31st 2022
Management and administration	140	132

Sales and marketing	939	888
Logistics and storage	1,518	1,307
Total	**2,597**	**2,327**

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:

- The opening in December 2022 of a new logistics and storage centre in Poznań, with a total area of 14,672 m2, including 13,660 m2 of warehouse space, under a lease contract signed with MLP Poznań West II Sp. z o.o. of Pruszków on September 22nd 2021.
- The establishment of a new logistics and storage centre in Zgorzelec, comprising 28,534 m2 of storage, maintenance and utility space and 1,117 m2 of office and staff amenity space, under lease contract signed with MLP Poznań East spółka z ograniczoną odpowiedzialnością of Pruszków on December 22nd 2022. In accordance with the contract, the Lessor will deliver the leased space to Auto Partner S.A. by June 3rd 2024. Work to place the logistics and storage centre in service is expected to end in the third quarter of 2025.
- Inflation rate in the areas with a significant impact on the Group's profit or loss.
- Movements of currency exchange rates, in particular the USD/PLN and EUR/PLN exchange rates.
- Market interest rates underlying the interest rates paid on bank borrowings and variable-rate lease contracts, including, without limitation, WIBOR rates.

After the reporting date, the Company executed the following amendments to credit facility agreements:

- On September 12th 2023, the following amendments were signed with BNP Paribas Bank Polska S.A.:

– Amendment 3 to the multi-purpose credit facility agreement of September 13th 2021, whereby the facility maturity date was changed to September 11th 2025, and

– Amendment 1 to the revolving credit facility agreement of January 24th 2022, whereby the facility maturity date was changed to September 11th 2025.

- On September 12th 2023, Amendment 1 was signed to the investment credit facility agreement of September 13th 2022 with Credit Agricole Bank Polska S.A., whereby the facility availability period was changed to until September 13th 2024 and the facility maturity date to September 15th 2028, and the credit limit under the facility was increased to PLN 15,000,000.

Bieruń, September 13th 2023

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

Tomasz Werbiński – Member of the Management Board

Signature of the person responsible for accounting records

Kamila Obłodecka Pieńkosz – Chief Accountant