2024

Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group for 2024

The document is a PDF copy of the official Directors' Report on the operations for the financial year 2024, prepared and published in XHTML format. In the event of any doubt or discrepancy, the XHTML version will take precedence.

TABLE OF CONTENTS

This document contains the Directors' Report on the operations of the Auto Partner Group in 2024. This document also contains the Directors' Report on the operations of the parent, prepared in accordance with Sec. 71.8 of the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2019.

1 THE COMPANY AND THE GROUP

1.1 OVERVIEW OF THE GROUP

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

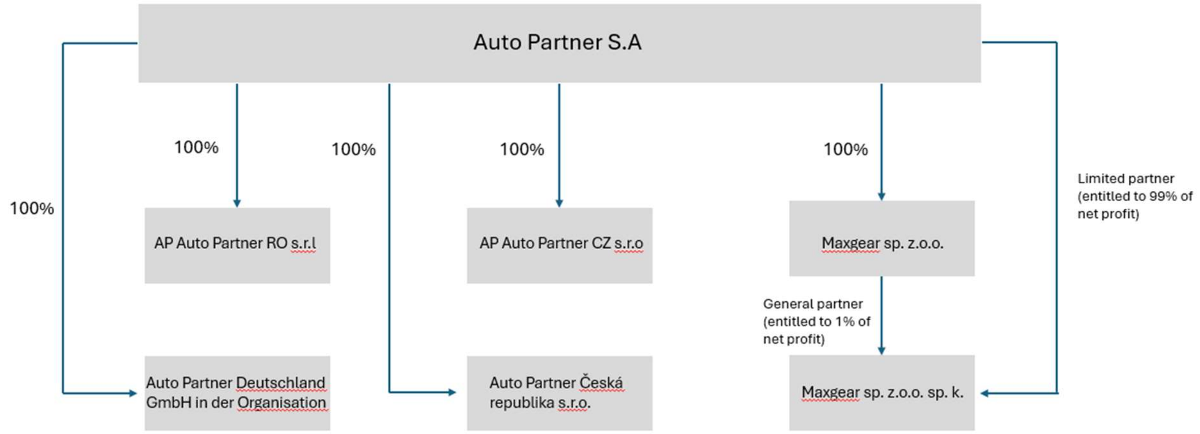
Registered office:	Bieruń
Legal form:	joint stock company (*spółka akcyjna*)
Country of incorporation:	Poland
Address:	ul. Ekonomiczna 20,
	43-150 Bieruń, Poland
Tel./Fax:	+48 32,325 15 00 / +48 32,325 15 20
Email:	kontakt@autopartner.com
Website:	www.autopartner.com

As at 31 December 2024, the Group also 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 a 99% share in its profits);
- AP Auto Partner Czechy s.r.o. of Prague, the Czech Republic (wholly-owned by the Parent);
- AP Auto Partner RO s.r.l of Bucharest, Romania (wholly-owned by the Parent);
- Auto Partner Česká republika s.r.o. of Ostrava, the Czech Republic (wholly-owned by the Parent);
- Auto Partner Deutschland GmbH of Gelsenkirchen, Germany (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.

1.2 SUBSIDIARIES

Presented below is a list of subsidiaries forming part of the Company's Group, including their key details.

Maxgear sp. z o.o.

Maxgear Sp. z o.o., with its registered office at ul. ul. Jana Brzozy 28, 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 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 consists in 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. conducts its sales operations in the Czech market through two branches (warehouse and sales outlets) 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.

Auto Partner Česká republika s.r.o.

Auto Partner Česká republika s.r.o., based in Ostrava and incorporated under Czech law, is to be responsible for sales and marketing support for the Auto Partner Group in the Czech market, and potentially for providing warehouse services to Auto Partner S.A. if the Group decides in the future to open a logistics hub in the Czech Republic. Auto Partner Česká republika s.r.o. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting.

Auto Partner Deutschland GmbH

Auto Partner Deutschland GmbH in der Organisation (in formation), based in Gelsenkirchen and incorporated under German law, is to be responsible for sales and marketing support for the Auto Partner Group in the German market, and potentially for providing warehouse services to Auto Partner S.A. if the Group decides in the future to open a logistics hub in Germany. Auto Partner Deutschland GmbH is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting.

1.3 Changes in the Group's key management policies and its organisation

On 13 November 2024, by executing a memorandum of association, the Company established a foreign subsidiary under Czech law: Auto Partner Česká republika s.r.o. of Ostrava, with a share capital of CZK 20,000, holding Tax Identification Number: CZ22273387. All shares in the company were subscribed for by the Company in consideration for cash. The company was registered by the competent registry court on 19 November 2024. Marek Hradzki was appointed as member of its Management Board.

On 13 November 2024, by executing a memorandum of association, the Company established a foreign subsidiary under German law: Auto Partner Deutschland GmbH of Gelsenkirchen, with a share capital of EUR 25,000, holding Tax Identification Number (Steuernummer): DE5319/5703/5783. All shares in the company were subscribed for by the Company in consideration for cash. The company was registered by the competent registry court on 2 January 2025. Sebastian Górecki was appointed as member of its Management Board.

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

1.4 Organisational and equity links of the Company and other Group companies with third-party entities; investments in Poland and abroad, including equity investments outside the Group

In 2024, there were no material organisational or equity links of the Company and other Group companies with third-party entities. Neither the Company or any other Group companies made any investments in securities, equity instruments, real property or intangible assets.

1.5 INCENTIVE SCHEME FOR THE GROUP'S KEY EMPLOYEES

Incentive Scheme for 2024-2025

At the meeting of 23 January 2024, the Company's Supervisory Board passed a resolution to adopt the Rules of the Incentive Scheme for Members of the Auto Partner S.A. Management Board (the "Scheme"). The purpose of the Scheme is to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce the turnover of the Company's management staff, and reward their contribution to the shareholder value growth. The adopted Scheme applies to reference periods 2024-2025 and will be implemented in 2025-2028. The Scheme is dedicated to members of the Company's Management Board: Mr Andrzej Manowski, Mr Piotr Janta and Mr Tomasz Werbiński. The Scheme provides for the payment of cash bonuses to its participants.

The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,600,000 over the entire duration of the Scheme. In the first year of the Scheme, the total amount of bonuses for 2024 to be paid in accordance with the Rules will not exceed PLN 2,800,000.

In accordance with Best Practice for GPW Listed Companies 2021, detailed regulations of the Scheme are set out in the Rules of the Incentive Scheme for Members of the Auto Partner S.A. Management Board, which are available on the Company's website at: https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen.

On 23 January 2024, the General Meeting of Maxgear sp. z o.o. approved the Rules of the 2024–2025 Incentive Scheme for members of the Management Board of Maxgear sp. z o.o., Grzegorz Pal and Arkadiusz Cieplak. Its terms are the same as those applying to members of the Management Board of Auto Partner S.A. The total amount of bonuses to be paid in accordance with the Rules to members of the Management Board of Maxgear sp. z o.o. during the term of the Scheme does not exceed PLN 2,000,000. In the first year of the Scheme, the total amount of bonuses for 2024 to be paid in accordance with the Rules will not exceed PLN 1,000,000.

Implementation of previous years' schemes

2024 saw the payment of a part of the bonus granted by the Supervisory Board by Resolution No. 1 of 31 May 2023 under the 2022–2024 Incentive Scheme adopted by the Supervisory Board on 10 September 2021 for Members of the Auto Partner S.A. Management Board.
Similarly, a partial bonus payment was made in 2024 to Members of the Management Board of Maxgear sp. z o.o. under a General Meeting resolution of 10 January 2022 on the Rules of the Incentive Scheme for 2022−2024.

The Group did not have any other obligations under its incentive or bonus schemes, or retirement pensions and similar benefits for former members of its management, supervisory or administration bodies.

1.6 TOTAL NUMBER AND PAR VALUE OF COMPANY SHARES AND SHARES IN SUBSIDIARIES HELD BY THE COMPANY'S MANAGEMENT AND SUPERVISORY STAFF AS AT THE RELEASE DATE OF THIS REPORT

The table below presents the holdings of Company shares by members of the Management and Supervisory Boards as at 15 April 2025, i.e., the issue date of this Report.

None of the members of the Management Board or Supervisory Board holds any shares in the Company's subsidiaries.

Full name	Position	Number of Company shares held	Par value of the shares (PLN)
Aleksander Górecki indirectly through Turzyńska Fundacja Rodzinna	President of the Management Board	56,944,758	5,694,475.80
Andrzej Manowski	Vice President of the Management Board	200,000	20,000.00
Piotr Janta	Vice President of the Management Board	173,263	17,326.3
Jarosław Plisz	Chair of the Supervisory Board	20	2.00
	Total:	**57,318,041**	

1.7 EMPLOYEE STOCK OWNERSHIP PLAN CONTROL SYSTEM

Group companies do not operate any employee stock option schemes.

1.8 BASIS OF ACCOUNTING USED IN PREPARING THE SEPARATE AND CONSOLIDATED FULL-YEAR FINANCIAL STATEMENTS

The consolidated and separate financial statements of the Auto Partner Group and Auto Partner S.A. for the period from 1 January to 31 December 2024 were prepared on the basis of International Financial Reporting Standards and related interpretations issued in the form of the European Commission's regulations.

The financial statements were prepared on a going concern basis. As at the date of the financial statements, there were no circumstances indicating any threat to the Group and the Company continuing as going concerns.

For detailed rules followed in the preparation of the separate and consolidated financial statements, see note 2 to the separate and consolidated financial statements for 2024.

1.9 REMUNERATION OF MEMBERS OF AUTO PARTNER S.A. MANAGEMENT AND SUPERVISORY BOARDS

Auto Partner S.A. has in place a Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A., adopted by the General Meeting on 19 June 2020. Members of the Management Board and Supervisory Board are remunerated by the Company in accordance with this document.

Remuneration paid to members of the Company's Management Board in 2024

The remuneration paid by the Company and its subsidiaries to members of the Management Board totalled PLN 3,108,916.5 (gross). In 2024, individual members of the Management Board were remunerated for their service on the Management Board of the Company or a subsidiary and under employment contracts.

Full name	Position on the management body	Gross remuneration paid by the Company under appointment (PLN)	Gross remuneration paid by the Company under employment contract (PLN)	Remuneration under Incentive Scheme and in the form of Incentive Bonus (PLN)	Gross remuneration paid by subsidiaries under employment contract or appointment (PLN)	Remuneration paid by subsidiaries under service contract (PLN)	Total remuneration paid by the Company and subsidiaries in 2024 (PLN)
Aleksander Górecki	President of the Management Board	120,000.00	244,800.00	————	60,000.00	————	424,800.00
Andrzej Manowski	Vice President of the Management Board	342,171.00	86,610.00	720,000.00*	————	————	1,148,781.00
Piotr Janta	Vice President of the Management Board	342,171.00	84,930.50	720,000.00*	————	————	1,147,101.50
Tomasz Werbiński	Member of the Management Board	234,000.00	74,234.00	80,000.00*	————	————	388,234.00

*The amount includes the bonus for 2022 paid in 2024.

** Source: the Group.*

Remuneration of the Company's supervisory staff paid in 2024

The remuneration paid to members of the Supervisory Board by the Company totalled PLN 257,620 (gross). In 2024, members of the Supervisory Board were remunerated for serving on the Company's Supervisory Board and for fulfilling their responsibilities as Audit Committee members. The amount of remuneration was determined by the Annual General Meeting on 25 May 2023 pursuant to Section 7 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A.

Full name	Position on the Supervisory Board	Gross remuneration paid by the Company under appointment, including appointment to the Audit Committee in 2024 (PLN)	Total remuneration paid by the Company in 2024 (PLN)
Jarosław Plisz	Chair of the Supervisory Board	54,000.00	54,000.00
Bogumił Woźny	Deputy Chair of the Supervisory Board	54,000.00	54,000.00
Bogumił Kamiński	Member of the Supervisory Board	54,810.00	54,810.00
Mateusz Melich	Member of the Supervisory Board	54,810.00	54,810.00
Andrzej Urban	Member of the Supervisory Board	40,000.00	40,000.00

Source: the Group.

In 2024, members of the Company’s Supervisory Board did not receive any additional remuneration form the Company or its subsidiaries other than the remuneration under their appointment. None of those persons received any additional awards, bonuses or benefits from the Company in 2024.

Detailed information regarding the non-pay components of remuneration for members of the Management and Supervisory Boards will be presented in the Supervisory Board’s report on the remuneration of the Management and Supervisory Board members for 2024, which will be considered at the Annual General Meeting and posted on the Company’s website in accordance with Art. 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (consolidated text: Dz.U. of 2019, item 623, as amended).

2 OVERVIEW OF THE COMPANY'S AND THE GROUP'S BUSINESS

2.1 KEY ECONOMIC AND FINANCIAL DATA

The analysis of the Company's and the Group's financial and operating position was conducted on the basis of the audited separate and consolidated financial statements for 2024, prepared in accordance with the IFRS.

The table below presents selected items of the separate and consolidated statements of profit or loss and other comprehensive income in the periods specified.

	For year ended 31 December separate financial statements		For year ended 31 December consolidated financial statements		For Q4 consolidated financial statements	
	2024	2023	2024	2023	2024	2023
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Continuing operations						
Revenue from contracts with customers	4,111,034	3,654,733	4,112,497	3,653,384	994,826	921,925
Cost of sales	(3,017,245)	(2,700,312)	(2,985,276)	(2,663,505)	(707,676)	(676,317)
Gross profit (loss)	**1,093,789**	**954,421**	**1,127,221**	**989,879**	**287,150**	**245,608**
Distribution costs and marketing expenses	(467,491)	(398,592)	(472,542)	(402,825)	(114,208)	(103,249)
Warehousing costs	(305,075)	(241,766)	(305,643)	(242,333)	(74,532)	(68,367)
Management and administrative expenses	(41,694)	(36,933)	(53,177)	(47,185)	(13,316)	(12,687)
Other gains/(losses), net	(3,888)	1,614	(4,570)	5,194	(2,834)	3,500
Other income	4,352	998	4,377	1,000	3,723	860
Other expenses	(6,287)	(970)	(6,394)	(1,006)	(2,462)	61
Operating profit (loss)	**273,706**	**278,772**	**289,272**	**302,724**	**83,521**	**65,726**
Finance income	11,262	19,210	444	4,147	69	3,655
Finance costs	(28,789)	(27,389)	(31,086)	(29,616)	(8,771)	(6,566)
Profit (loss) before tax	**256,179**	**270,593**	**258,630**	**277,255**	**74,819**	**62,815**
Income tax	(48,022)	(49,568)	(50,654)	(53,669)	(14,267)	(12,048)
Net profit (loss) from continuing operations	**208,157**	**221,025**	**207,976**	**223,586**	**60,552**	**50,767**
Discontinued operations						
Net profit (loss) from discontinued operations	-	-	-	-	-	-
NET PROFIT (LOSS)	**208,157**	**221,025**	**207,976**	**223,586**	**60,552**	**50,767**
Other comprehensive income, net	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	(282)	(625)	(310)	(123)
TOTAL COMPREHENSIVE INCOME	**208,157**	**221,025**	**207,694**	**222,961**	**60,242**	**50,644**

Source: the Group, consolidated and separate financial statements.

Revenue

In 2024, as in the previous years, revenue from sale of merchandise accounted for the major share of total revenue (99.8%), which is due to the nature of the Group's business. Revenue from sales 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 mainly revenue from sales of training and transport services.

In 2024, the Group's revenue was PLN 4,112,497 thousand, having increased by PLN 459,113 thousand, or 12.6%, from PLN 3,653,384 thousand reported in 2023.

The revenue growth in the period was achieved on continued expansion of the Group's business, driven particularly by: (i) the launch of several new branches in Poland, as well as new export directions and routes (ii) expanding the product mix, (iii) better matching the product mix with the needs of customers in various price segments, (iv) steadily optimising and improving customer service. However, revenue growth in 2024 was adversely affected by deflationary pressures from automotive parts manufacturers and by the appreciation of the euro against the Polish złoty compared to 2023.

The territorial expansion into the Czech market through a subsidiary offering goods to repair workshops had no material effect on the Group's revenue in 2024. The company is still in the development phase.

Cost of sales

In 2024, the Group's cost of sales represented 72.6% of revenue, that is 0.3pp less than in 2023, when the ratio was 72.9%.

In 2024, the Group's cost of sales was PLN 2,985,276 thousand, having increased by PLN 321,771 thousand, or 12.1%, from PLN 2,663,505 thousand in 2023, with revenue growth during the period of 12.6%. The higher cost of sales in the period was chiefly attributable to the larger scale of the Group's business, and the resulting growth in the volumes of orders and sales. Factors with a positive effect on the cost of sales were mainly volume bonuses from suppliers and membership of the Global One purchasing group.

Gross profit (loss)

In 2024, the Group's gross profit was PLN 1,127,221 thousand, having increased by PLN 137,342 thousand, or 13.9%, from PLN 989,879 thousand in 2023, which resulted in a 0.3pp increase in gross margin, from 27.1% in 2023 to 27.4% in 2024.

In the fourth quarter of 2024, the Group's gross profit was PLN 287,150 thousand, having increased by PLN 41,542 thousand, or 16.9%, on PLN 245,608 thousand earned in the fourth quarter of 2023. The improvement in gross margin was driven by the settlement of annual turnover bonuses with suppliers, among other factors.

Distribution costs and marketing expenses, warehousing costs, management and administrative expenses

In 2024, the Group's distribution costs and marketing expenses, warehousing costs, and management and administrative expenses were PLN 831,362 thousand, having increased by PLN 139,019 thousand, or 20.1%, from PLN 692,343 thousand in 2023. The increase in this expense category outpaced the growth in the Group's revenue by 7.5pp, primarily due to strong cost pressures, including a significant increase in the minimum wage in Poland, which notably affected salaries and wages, one of the major components of the Group's operating expenses.

These expenses stood at PLN 202,056 thousand in the fourth quarter of 2024, having increased by PLN 17,753 thousand, or 9.6%, from PLN 184,303 thousand in the fourth quarter of 2023.

Distribution costs and marketing expenses were PLN 472,542 thousand in 2024, marking an increase of PLN 69,717 thousand, or 17.3%, from PLN 402,825 thousand in 2023. They are strongly correlated with revenue, and their higher amount for the period was a result of the expanded scale of operations and the rise in salaries and wages.

In 2024, the Group's warehousing costs were PLN 305,643 thousand, having increased by PLN 63,310 thousand, or 26.1%, from PLN 242,333 thousand in 2023. The primary reasons for this increase were the continued scaling up of the Group's business and cost pressures (particularly related to salaries and wages).

Management and administrative expenses were PLN 53,177 thousand in 2024, marking a rise of PLN 5,992 thousand, or 12.7%, from PLN 47,185 thousand in 2023. This increase was proportional to revenue growth, despite continuing pay pressures also affecting this expense category.

Other gains (losses), net

Other gains (losses), net included net exchange differences arising in operating activities and other gains and losses. Exchange differences arising in operating activities are recognised mainly for exchange differences resulting from measurement or payment of amounts under purchase invoices and sales to / from foreign trading partners.

In 2024, the Group's other gains and (losses), net were PLN (4,570) thousand, having decreased by PLN 9,764 thousand, from PLN 5,194 thousand in 2023.

Other income and expenses

Other income in 2024 was PLN 4,377 thousand, having increased by PLN 3,377 thousand, or 337.7%, from PLN 1.000 thousand in 2023.

Other expenses in 2024 amounted to PLN (6,394) thousand, down by PLN 5,388 thousand, or 535.6%, from PLN 1,006 thousand in 2023.

The relatively high nominal levels of other operating income and expenses were largely attributable to flooding damage sustained by the Kłodzko branch, subsequent receipt of related insurance compensation, and changes in provisions for tax risks.

Operating profit (loss)

As a result of the factors described above, the Group reported an operating profit of PLN 289,272 thousand for 2024, down by PLN 13,452 thousand, or 4.4%, from PLN 302,724 thousand reported in 2023.

In the fourth quarter of 2024, operating profit was PLN 83,521 thousand, having increased by PLN 17,795 thousand, or 27.1%, from PLN 65,726 thousand in the fourth quarter of 2023.

Finance income and costs

In 2024, the Group's finance income was PLN 444 thousand, down by PLN 3,703 thousand, from PLN 4,147 thousand in 2023.

Interest expense of PLN 28,305 thousand was the largest contributor (91.1%) to the Group's finance costs in 2024, having decreased by PLN 371 thousand, from PLN 28,676 thousand in 2023. In 2024, the Group's total finance costs rose to PLN 31,086 thousand, by PLN 1,470 thousand, or 5.0%, from PLN 29,616 thousand in 2023. The increase in finance costs was primarily due to foreign exchange losses on financing activities, particularly stemming from the measurement of the Group's largest lease contracts, which include rent rates influenced by the EUR/PLN exchange rate.

Profit (loss) before tax

As a result of the factors described above, the Group's 2024 profit before tax was PLN 258,630 thousand, that is PLN 18,625 thousand, or 6.7%, less than in 2023, when profit before tax was PLN 277,255 thousand.

In the fourth quarter of 2024, consolidated profit before tax was PLN 74,819 thousand, having increased by PLN 12,004 thousand, or 19.1%, from PLN 62,815 thousand in the fourth quarter of 2023.

Income tax

In 2024, the Group disclosed tax expense of PLN 50,654 thousand, with current income tax accounting for the major part of the income tax amount. The effective tax rate was 19.6%.

Net profit

As a result of the factors described above, the Group's net profit for 2024 came in at PLN 207,976 thousand, that is 7.0% less than in 2023, when net profit was PLN 223,586 thousand.

On a quarterly basis, net profit was PLN 60,552 thousand in the fourth quarter of 2024, up by PLN 9,785 thousand, or 19.3%, from PLN 50,767 thousand in the fourth quarter of 2023.

2.2 COSTS BY NATURE OF EXPENSE

The table below presents the Group's operating expenses for the periods indicated.

	For year ended 31 December			
	2024 PLN '000	2023 PLN '000	change PLN '000	change (%)
Depreciation and amortisation	54,284	43,504	10,780	24.8%
Raw materials and consumables used	34,372	33,382	990	3.0%
Services	454,699	374,066	80,633	21.6%
Taxes and charges	8,416	5,782	2,634	45.6%
Employee benefits expense	269,139	227,455	41,684	18.3%
Other costs by nature of expense	11,078	8,692	2,386	27.5%
Merchandise and materials sold	2,984,650	2,662,967	321,683	12.1%
Total costs by nature of expense	**3,816,638**	**3,355,848**	**460,790**	**13.7%**

Source: the Group, consolidated financial statements.

Operating expenses include total cost of sales (cost of products, merchandise and materials sold, and cost of services), distribution costs and marketing expenses, warehousing costs and management and administrative expenses.

In 2024, the items with the largest share in the Group's operating expenses were cost of merchandise and materials (78.2%), cost of services (11.9%), and employee benefits expense (7.1%).

In 2024, the Group's operating expenses were PLN 3,816,638 thousand, having increased by PLN 460,790 thousand, or 13.7%, from PLN 3,355,848 thousand in 2023. The increase was mainly attributable to a PLN 321,683 thousand, or 12.1%, growth in the cost of merchandise and materials sold, from PLN 2,662,967 thousand in 2023 to PLN 2,984,650 thousand in 2024. Other contributing factors were an increase in the cost of services of PLN 80,633 thousand, or 21.6%, from PLN 374,066 thousand in 2023 to PLN 454,699 thousand in 2024, as well as higher employee benefits expense, which rose by PLN 41,684 thousand, or 18.3%, from PLN 227,455 thousand in 2023 to PLN 269,139 thousand in 2024.

The cost of merchandise and materials sold corresponds largely to the cost of sales, and its increase in 2024 was in proportion to the increase in sales.

Services in 2024 largely included transport services (which account for more than half of the cost of services), distribution, marketing and advertising costs, contingent labour services and IT costs. The main factor contributing to higher costs of services in 2024 was the increase in transport costs. Higher logistics costs were mainly related to the expansion into new export markets and pricing pressures. In addition, pay pressures drove a strong increase in the cost of services.

Employee benefits expense includes chiefly salaries and wages. Its increase in 2024 was attributable to a 5.0% increase in workforce as a result of the growing scale of the Group's business. At the same time, the average employee cost rose by 12.7%, driven by an increase in the minimum wages, higher wages on the labour market, and a low unemployment rate, which limited the availability of employees and created wage pressures.

2.3 ASSESSMENT OF FACTORS AND NON-RECURRING EVENTS WITH A BEARING ON BUSINESS AND RESULTS

During the reporting period, there were no non-recurring events affecting operating results.

The Group identified no impact of the war in Ukraine on its operations in 2024. The Company's exposure to the Ukrainian market is negligible, accounting for less than 0.5% of its monthly revenue. On 24 February 2022, 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. Before 24 February 2022, the Company's exports to the Russian and Belarusian markets accounted for 0.1% and 0.02%, respectively, of its monthly revenue.

As at the date of these financial statements, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's operations, business continuity and financial condition. There were no indications of asset impairment linked to the conflict in Ukraine, as the Company does not possess any non-financial assets in Ukraine that could be affected by military operations there. Assuming that the armed conflict in Ukraine does not extend to neighbouring countries, particularly Poland and other EU nations, and its nature or conduct does not change significantly, it is not expected to significantly affect the Company's sales volumes, cash flows, and profitability in the long term.

However, it is important to note that while this assessment reflects the best knowledge of the Management Board, the actual impact may differ, given the unpredictability of how the Russian Federation's military actions in Ukraine might develop and affect the economic situation in Poland and Europe, as well as the uncertainty about their potential impact on the Company's sales volumes, cash flows, and profitability. The Management Board is monitoring the situation to the extent it could potentially affect the Company's business in future periods.

2.4 SIGNIFICANT EVENTS WITH A MATERIAL IMPACT ON BUSINESS AND FINANCIAL RESULTS

The following events and factors had a bearing on the Company's business in and financial results for 2024:

1. On 24 January 2024, 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 loan interest rate was set at 4.2%. The agreement was concluded for a definite term until 31 July 2024. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).

2. On 23 January 2024, the Supervisory Board approved the Rules of the 2024–2025 Incentive Scheme for members of the Auto Partner S.A. Management Board, providing for the payment of additional remuneration tied to the Company's financial performance for members appointed to the Management Board. The Scheme is intended for the following members of the Company's Management Board: Andrzej Manowski, Piotr Janta and Tomasz Werbiński. The purpose of the Scheme is to establish mechanisms to encourage activities that would ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding incentive bonuses, visit the Company's website at https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen. The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,600,000 over the entire duration of the Scheme. In the first year of the Scheme, the total amount of bonuses for 2024 to be paid in accordance with the Rules will not exceed PLN 2,800,000.
3. On 23 January 2024, the General Meeting of Maxgear sp. z o.o. approved the Rules of the 2024–2025 Incentive Scheme for members of the Management Board of Maxgear sp. z o.o., Grzegorz Pal and Arkadiusz Cieplak. Its terms will be the same as those applying to members of the Auto Partner S.A. Management Board. The total amount of Bonuses to be paid in accordance with the Rules will not exceed PLN 2,000,000 during the term of the Scheme. In the first year of the Scheme, the total amount of bonuses for 2024 to be paid in accordance with the Rules will not exceed PLN 1,000,000.
4. On 28 March 2024, the Management Board of the Company resolved to recommend a dividend payment from the Company's net profit for the financial year 2023 to the Annual General Meeting. Pursuant to the resolution, the Management Board recommended a dividend payment to the Company's shareholders totalling PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty), or PLN 0.15 (fifteen grosz) per share. At its meeting held on 10 April 2024, the Supervisory Board resolved to endorse the Management Board's recommendation. On 24 May 2024, the Annual General Meeting resolved to allocate the Company's net profit for 2023 in accordance with the Management Board's recommendation. The dividend record date was set for 3 June 2024. The payment was made on 18 June 2024.
5. On 24 May 2024, the Annual General Meeting resolved to amend the Company's Articles of Association. The amendments were published in ESPI Current Report No. 13/2024 on 24 May 2024. On 31 May 2024, they were registered by the District Court for Katowice Wschód, 8th Division of the National Court Register.
6. On 26 June 2024, the Management Board, upon receiving endorsement from the Supervisory Board, convened an Extraordinary General Meeting for 23 July 2024 With a view to amending the Articles of Association so as to grant the Supervisory Board the authority to appoint an auditor to perform an assurance engagement for the Auto Partner Group's sustainability reporting. The amendment was registered by the District Court for Katowice Wschód, 8th Division of the National Court Register, on 5 August 2024.

The Company's financial performance was also affected by:

- continued expansion and sales growth,
- efforts to maintain gross margin levels despite the pressure on gross margin, including due to the sale in the early months of the year of goods purchased in the second half of 2023, which was a period of relatively weak PLN exchange rates, with the current relatively low EUR/PLN exchange rate (also continuing to affect the value of a significant portion of the Group's sales, translated into PLN as the reporting currency) and USD/PLN exchange rate, compounded by the pressure from price reductions by certain suppliers in 2024;
- higher remuneration paid to the Company's employees and service providers as a consequence of inflation and a material increase in the minimum wage, partly offset by otherwise strong overall cost discipline;

- recognition of an approximately PLN 2 million loss in the third quarter of 2024 due to the flooding of the Kłodzko branch during the flood in south-western Poland in September 2024, and subsequent recognition in the fourth quarter of 2024 of insurance compensation that fully covered the property losses after the insurer's final adjustment of the claim.

2.5 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. 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. The Group operates as a platform for sale, mainly via online 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 workshops. 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:

Product groups	2024	2023
	ownership interest (%)	ownership interest (%)
SUSPENSION	16%	16%
BRAKES	13%	14%
DRIVETRAIN	12%	12%
ENGINE – REPAIRS	9%	9%
ENGINE – CONSUMABLES	9%	9%
CONSUMABLES/ ACCESSORIES	9%	9%
ELECTRICAL SYSTEMS	9%	9%
FILTERS	5%	5%
EQUIPMENT FOR REPAIR WORKSHOPS	3%	3%
EXHAUST SYSTEM	2%	2%
AIR CONDITIONING SYSTEM	2%	1%
BODY	2%	2%
MISCELLANEA	1%	1%
HYDRAULIC PARTS	1%	1%
OTHER	6%	6%

Source: the Group.

Supply sources

The goods offered by the Group are sourced from more than 200 external suppliers. The largest 10 external suppliers account for approximately 40% of the Group's total procurement of merchandise. The Group is not dependent on external suppliers.

The Group's 10 largest external suppliers include (in alphabetical order):

- CONTI TECH ANTRIEBSSYSTEME GMBH: main supplier of timing gear sets and timing belts, V-belts and multi-rib belts. ContiTech is an autonomous division of Continental AG.
- Continental Aftermarket & Services GmbH: supplier of brands such as ATE (brakes), VDO (electronics, fuel supply components); the supplier's main product line in the Auto Partner Group's offering is ATE brakes.
- FERDINAND BILSTEIN GMBH+CO.KG: supplier of the FEBI oraz BLUEPRINT brands. The range of FEBI products includes a number of products in almost each product group. The group of products of key importance to the Group's sales are suspension parts.
- MANN+HUMMEL GMBH – the main manufacturer of filters offered by the Auto Partner Group. It manufactures air, oil and fuel filters, cabin pollen filters and activated charcoal filters – all of them as original equipment for numerous car, engine and machinery producers worldwide, and for the market of spare parts under the MANN-FILTER brand.
- MEYLE AG: supplier working with the Group since 1999. The Group sells all automotive parts offered by that supplier. Strong points of the Group's cooperation with MEYLE AG include joint promotional campaigns organised with the Group and very short delivery times. The product groups offered by that supplier that are of key importance to the Group are brakes, suspension and filters. The product range of Meyle currently includes 22,390 products. Steering and suspension parts, rubber-to-metal parts, brakes and shock absorbers account for the largest portion of MAYLE's production.
- NRF POLAND SP. Z O. O.: Dutch supplier of radiators, condensers, and various cooling system and air conditioning components marketed under the NRF brand.
- ROBERT BOSCH SPÓŁKA Z O.O.: supplier of the BOSCH brand. The Group sells most of the product range offered by that supplier. Bosch's offering includes fuel systems (DIESEL) and many products which are not offered by other suppliers.
- Schaeffler Vehicle Lifetime Solutions Poland Sp. z o.o.: supplier of INA, FAG, and LUK brands. The key product group of this supplier is clutches, rollers and tensioners. Its product range includes also wheel bearings, timing gear sets, water pumps, joints, and suspension parts.
- SKF POLSKA S.A.: supplier of wheel bearings, timing gear sets and timing set gear parts, and water pumps. Products available in the highest price tier in the Premium segment.
- ZF FRIEDRICHSHAFEN, ZF SERVICES, ZF AUTOMOTIVE SYSTEM: supplier of the SACHS, LEMFORDER and TRW brands. The supplier's product range includes clutches, suspensions, shock absorbers, and – after acquiring the TRW brand – also brakes (leader on the Polish market).

The Group enters into trade contracts with its largest suppliers, which define the terms of cooperation with respect to the sale and distribution of the suppliers' products. Under the trade contracts, the Group purchases goods for its own account for their subsequent resale. Most of the contracts are concluded for a definite term of one year with a notice period ranging from one to three months.

In the majority of cases, the prices at which the Group purchases products are determined by the suppliers in the form of price lists for a given area, but the Group's contracts contain provisions that guarantee discounts or price concessions. In addition, the trade contracts or bonus agreements concluded for a term of one year provide for discount bonuses for the Group with respect to the purchase and sale of products.

As part of its cooperation with certain major suppliers, the Group agreed under trade contracts or additional promotional services agreements to actively search for buyers by conducting marketing and promotional activities against consideration. The consideration for marketing services includes fixed-rate consideration and commission fees. The commission fee amounts depend on the sales volumes achieved by the Group for the supplier's products in a reference period. Some of the promotional services agreements provide for the Company's obligation to pay liquidated damages to the supplier in the event that: (i) the Company does not purchase the products covered by the agreement, (ii) a promotional or discount agreement concluded by the Company is terminated or amended, or (iii) the Company fails to enter into the promotional or discount agreement with a final customer in accordance with the investment request accepted by the supplier. The marketing department prepares a catalogue of marketing campaigns that are then selected by the suppliers. Selected suppliers specify the percentage of the turnover they wish to allocate to the marketing campaigns and leave the choice of the campaigns to the Company.

The average delivery time for orders placed with the suppliers is 15–20 business days. The minimum delivery time for selected suppliers is two days. Orders are submitted to the suppliers by email or, in the case of some suppliers, via a dedicated TEC COM platform.

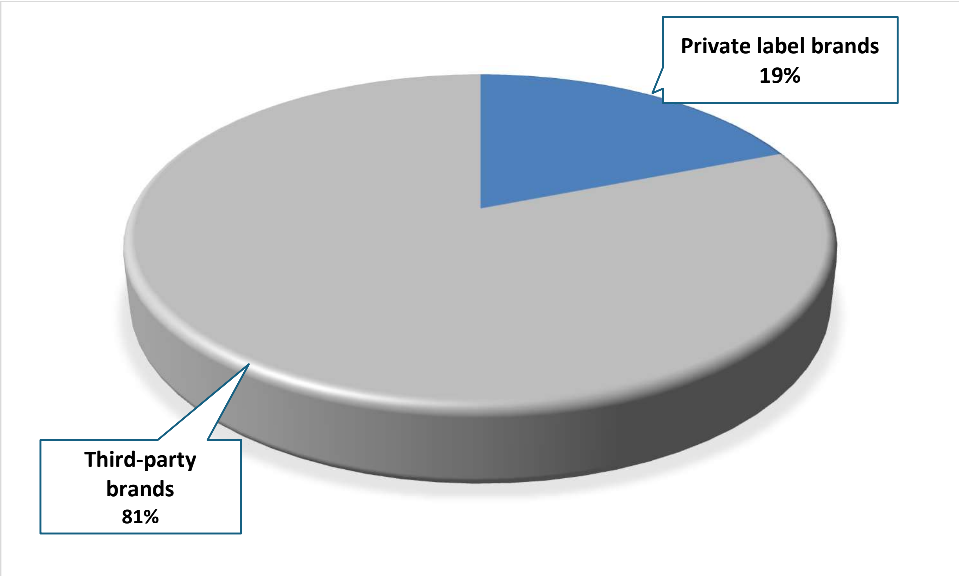
Private label brands

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.

2.6 THE GROUP'S MARKETS

Overview of the Group's geographical markets

In 2024, both domestic sales and exports had a similar approximately 50% share in the Group's revenue. The Group executes export sales mainly through deliveries directly from the central warehouse and the hubs in Pruszków and Poznań. The Group currently supplies 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, Ireland, and more.

Revenue structure by domestic and export sales:

	For year ended 31 December			
	2024		2023	
	PLN '000	share (%)	PLN '000	share (%)
Sales of merchandise – Poland	2,068,197	50.3%	1,825,157	50.0%
Sales of merchandise – EU	1,996,143	48.5%	1,784,236	48.8%
Sales of merchandise – other exports	40,698	1.0%	39,328	1.1%
Sales of services – Poland	1,057	0.0%	1,029	0.0%
Sales of services – EU	6,402	0.2%	3,634	0.1%
Total	**4,112,497**	**100%**	**3,653,384**	**100.0%**

Source: the Group, consolidated and separate financial statements.

The Group's customers

In 2024, the share of repair workshops in the Group's sales on the Polish market remained high and stable. Together with the 'other' segment, comprising the retail segment and non-specialised repairers, they account for approximately 70% of the Group's sales.

Revenue from the Polish market, by customer group:

Domestic customer groups	2024		2023		2022	
	PLN '000	(%)	PLN '000	(%)	PLN '000	(%)
Repair workshops	1,274,786	61.1%	1,140,498	61.8%	909,851	63.0%
Stores	663,281	31.8%	548,401	29.7%	390,518	27.1%
Other	149,182	7.1%	157,588	8.5%	142,829	9.9%
Revenue from sale of merchandise in Poland, by customer type	**2,087,248**	**100%**	**1,846,487**	**100%**	**1,443,197**	**100%**
Adjustments:	(19,051)	-0.9%	(21,330)	-1.2%	(19,578)	-1.4%
Revenue from sale of merchandise in Poland, after IFRS adjustments	**2,068,197**		**1,825,157**		**1,423,619**	

Source: the Group.

2.7 Agreements significant to the Group's and the Company's business, including shareholder agreements known to the Group, insurance, partnership or cooperation agreements

The Company did not enter into any significant agreements in 2024. For information on other agreements, see Section 2.9 of this Report.

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

In 2024, neither the Company nor its subsidiaries entered into any related-party transactions other than transactions executed on an arm's length basis.

Significant related-party transactions within the Group included mainly sale of merchandise from Maxgear Spółka z o.o. Sp. k. to the Company and sale of the Company's merchandise to its subsidiary in the Czech Republic. For information on the transactions, see note 26 to the separate financial statements for 2024.

2.9 Credit facility and loan agreements executed and terminated during the financial year

1. On 5 September 2024, an investment credit facility agreement was signed with Credit Agricole Bank Polska Spółka Akcyjna of Wrocław. Under the agreement, an investment credit facility of PLN 10,000,000 (ten million złoty) was advanced to the Company to finance and refinance Auto Partner S.A.'s investment expenditure. The facility is repayable by 12 September 2029. The interest rate was set at 1M WIBOR plus margin.
2. On 25 September 2024, an amendment was signed to the multi-product facility agreement concluded with ING Bank Śląski S.A. of Katowice on 19 October 2015. The amendment extended the availability period of the credit facility granted under the multi-product facility agreement until 9 October 2027. The amount of the facility is PLN 177,000,000. Other material terms of the agreement remain unchanged. Proceeds of the facility will be used to finance the Company's working capital in connection with continued fast growth of Auto Partner S.A.
3. On 25 October 2024, the Company and BNP Paribas Bank Polska S.A. executed:
    - Amendment 2 to the revolving credit facility agreement of 24 January 2022, which extended the availability period of the facility until 15 September 2026;

- Amendment 4 to the multi-purpose credit facility agreement of 13 September 2021, which extended the availability period of the facility until 15 September 2026.

4. On 25 November 2024, an amendment was signed to the flexible revolving credit facility agreement with mBank S.A. of Warsaw, which was concluded on 5 April 2023. The amendment has extended the term of the facility until 30 September 2025.

2.10 Loans advanced during the financial year, with particular focus on loans to related entities

On 24 January 2024, 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 loan interest rate was set at 4.2%. The agreement was concluded for a definite term until 31 July 2024. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).

The loan principal and interest were repaid on 25 July 2024 and 16 August 2024, respectively.

In the financial year 2024, the Company did not advance any loans to related or other entities.

2.11 Structure of key capital placements and key investments made within the Group during the financial year

In the reporting period, the Company and its subsidiaries did not invest in any financial instruments, such as shares, bonds, bank deposits or other instruments.

2.12 Feasibility of investment plans, including equity investments, in the context of available funds, taking into consideration possible changes in the investment financing structure

Rapid growth of the Group's revenue is followed by a steady increase in its storage space. As part of storage space expansion projects, the Group invests in warehouse racks and automation to improve warehousing processes. These investments are typically financed through lease arrangements. As at the date of issue of this report, the Group had lease limits granted (without a guarantee of granting a lease for any specific order) in an amount adequate to the Group’s needs.

2.13 Structure of assets and equity and liabilities, including in terms of liquidity

Size and structure of assets

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

	As at 31 December 2024 consolidated financial statements	As at 31 December 2023 consolidated financial statements	As at 31 December 2024 separate financial statements	As at 31 December 2023 separate financial statements
	PLN ‘000	PLN ‘000	PLN ‘000	PLN ‘000
Non-current assets	**422,481**	**372,542**	**464,014**	**414,472**
Current assets	**1,603,446**	**1,421,381**	**1,507,549**	**1,352,057**
Inventories and contract asset	1,143,972	1,025,733	1,051,542	957,871

Trade and other receivables	420,890	357,031	420,891	360,543
Other assets	-	1,257	-	1,257
Cash and cash equivalents	38,584	37,360	35,116	32,386
Total assets	**2,025,927**	**1,793,923**	**1,971,563**	**1,766,529**

Source: the Group, consolidated and separate financial statements.

As at 31 December 2024, the Group's total assets rose by PLN 232,004 thousand, or 12.9%, to PLN 2,025,927 thousand from PLN 1,793,923 thousand as at the end of 2023, driven by an increase of PLN 182,065 thousand, or 12.8%, in current assets in the period, from PLN 1,421,381 thousand as at the end of 2023 to PLN 1,603,446 thousand as at the end of 2024, as well as an increase in non-current assets of PLN 49,939 thousand, or 13.4%, from PLN 372,542 thousand as at the end of 2023 to PLN 422,481 thousand as at the end of 2024.

As at 31 December 2024, the Group's non-current assets represented 20.9% of total assets. The largest items under non-current assets were property, plant and equipment (90.2%) and intangible assets (8.3%).

The Group's non-current assets as at the end of December 2024 were PLN 422,481 thousand, having increased by PLN 49,939 thousand, or 13.4%, from PLN 372,542 thousand at the end of 2023, mainly due to an increase in property, plant and equipment of PLN 49,315 thousand, or 14.9%, from PLN 331,960 thousand at year-end 2023 to PLN 381,275 thousand at year-end 2024. The increase in property, plant and equipment was attributable to investments in new vehicles, warehouse racks, warehouse automation and other equipment, expansion in warehouse space and opening of new branches (to the extent a lease contract is recognised as a lease under IFRS 16). In addition, the Group incurs regular expenditure to replace and upgrade items of property, plant and equipment, which includes partial replacement of the car fleet and modernisation of the existing warehouse facilities.

As at 31 December 2024, the Group's current assets were PLN 1,603,446 thousand, having increased by PLN 182,065 thousand, or 12.8%, on 31 December 2023. The increase was attributable primarily to inventories and a contract asset having risen by PLN 118,239 thousand, or 11.5%, from PLN 1,025,733 thousand as at the end of 2023 to PLN 1,143,972 thousand as at the end of 2024. This rise was largely driven by the Group's expansion, including its product range, and was generally in line with the Group's revenue growth. Another contributing item was the higher amount of trade and other receivables, which went up by PLN 63,859 thousand, or 17.9%. The main reason for the increase in receivables was higher revenue, especially in foreign markets, where payment terms tend to be longer than those applied on the domestic market. In addition, the level of receivables was materially affected by a year-on-year increase in the volume bonuses from suppliers, a part of which (the excess over the balance of liabilities to a given supplier) are recognised as trade receivables.

Receivables include receivables from the Global One purchasing group.

In addition, receivables include significant items such as security deposits for lease of space and advance payments to the suppliers of merchandise.

Sources of capital

Equity and liabilities

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

	As at 31 December 2024 consolidated financial statements	As at 31 December 2023 consolidated financial statements	As at 31 December 2024 separate financial statements	As at 31 December 2023 separate financial statements
	PLN '000	PLN '000	PLN '000	PLN '000
Equity	**1,234,293**	**1,046,192**	**1,257,300**	**1,068,736**
Share capital issued	13,062	13,062	13,062	13,062
Share premium	106,299	106,299	106,299	106,299
Other capital reserves	2,103	2,103	2,103	2,103
Exchange differences on translation of foreign operations	(1,939)	(1,657)	-	-
Retained earnings	1,114,768	926,385	1,135,836	947,272
Liabilities	**791,634**	**747,731**	**714,263**	**697,793**
Loans and bank borrowings	313,735	300,281	252,715	263,826
Lease liabilities	212,878	189,719	211,906	188,280
Trade and other payables	178,548	181,003	161,973	166,692
Other liabilities other than trade payables	86,473	76,728	87,669	78,995
Total equity and liabilities	**2,025,927**	**1,793,923**	**1,971,563**	**1,766,529**

Source: The Group, consolidated and separate financial statements

Equity

As at the end of December 2024, equity accounted for 60.9% of the Group's total equity and liabilities. In the reporting period, the Group's equity comprised: (i) issued share capital of PLN 13,062 thousand, (ii) share premium of PLN 106,299 thousand, (iii) other capital reserves of PLN 2,103 thousand, comprising capital reserves from the issue of warrants, (iv) translation reserve of (PLN 1,939 thousand), and (v) retained earnings of PLN 1,114,768 thousand, representing profit for 2024 and previous years.

Liabilities

As at 31 December 2024, the Group's liabilities represented 39.1% of total equity and liabilities and stood at PLN 791,634 thousand, or PLN 43,903 thousand (5.9%) more than in 2023. As at 31 December 2024, the Group's liabilities were as follows: (i) short- and long-term bank and non-bank borrowings and lease liabilities representing 66.5% of total liabilities, with a total amount of PLN 526,613 thousand, that is PLN 36,613 thousand, or 7.5%, more than as at 31 December 2023, and (ii) trade and other payables, representing 33.5% of total liabilities, with a total amount of PLN 265,021 thousand, that is PLN 7,290 thousand, or 2.8%, more than as at 31 December 2023.

Liquidity

General information

In 2024, the main sources of external financing for the Company and the Group were: (i) credit facilities (overdraft facility and revolving working capital credit facilities), (ii) loans from the Company's shareholders, and (iii) leases.

In the reporting period, the Group financed its operations mainly with operating cash flows, leases, credit facilities, and a shareholder loan recognised as at 31 December 2024 at PLN 26,700 thousand.

The Group expects that the funding sources referred to above will remain its main sources of external financing in the near future. After the reporting date, the limits of the Group's credit facilities with banks were increased to cover its higher financing needs – for details, see note 3.8. to the consolidated financial statements for 2024. 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.

Sources, amounts, and description of cash flows

The table below presents selected data from the consolidated statement of cash flows for the financial year ended 31 December 2024.

	For year ended 31 December	
	2024	**2023**
Net cash from operating activities	124,153	180,085
Net cash from investing activities	(45,393)	(37,747)
Net cash from financing activities	(77,570)	(139,868)
Total net cash flows	**1,190**	**2,470**
Cash and cash equivalents at beginning of period	37,360	34,931
Effect of exchange rate movements on net cash in foreign currencies	34	(41)
Cash and cash equivalents at end of period	**38,584**	**37,360**

Source: the Group, consolidated financial statements.

Cash flows from operating activities

In 2024, the Group generated positive cash flows from operating activities of PLN 124,153 thousand, which was mainly attributable to the pre-tax profit of PLN 258,630 thousand earned in that period, adjusted for depreciation and amortisation of PLN 54,284 thousand. Other items with a material bearing on the amount of operating cash flows in the period were: (i) an increase of PLN 113,784 thousand in inventories, (ii) an increase of PLN 65,107 thousand in trade and other receivables, and (iii) an decrease of PLN 2,731 thousand in trade and other payables, and (iv) positive adjustment of PLN 29,064 thousand due to finance costs (interest) recognised in profit or loss. In the reporting period, the Group also reported cash outflow due to the payment of income tax, of PLN 40,114 thousand.

Cash flows from investing activities

In 2024, the Group generated negative cash flows from investing activities of PLN 45,393 thousand. Cash used in investing activities in the period was mainly spent on the acquisition of intangible assets and property, plant and equipment of PLN 45,758 thousand.

Cash flows from financing activities

In 2024, the Group generated negative cash flows from financing activities of PLN 77,570 thousand. The inflows represented proceeds from bank and non-bank borrowings of PLN 14,677 thousand, while the outflows comprised payment of lease liabilities of PLN 43,694 thousand, payment of dividend for 2023 of PLN 19,593 thousand, and payment of interest and commission fees of PLN 28,960 thousand.

Cash and cash equivalents

The cash flows from operating, investing and financing activities produced cash and cash equivalents of PLN 38,584 thousand as at 31 December 2024, that is PLN 1,224 thousand, or 3%, more relative to 31 December 2023 when the balance of cash and cash equivalents was PLN 37,360 thousand.

2.14 OFF-BALANCE SHEET ITEMS BY ENTITY, TYPE AND VALUE

Off-balance-sheet items disclosed by the Company and the Group include bank guarantees securing liabilities under lease of property and distribution agreements, including:

- EUR 951 thousand bank guarantee No. DOK2419GWB20AR of 27 July 2020, provided in connection with a contract for rent of property in Bieruń, valid until 15 July 2026, granted within the credit limit of the facility provided by Santander Bank Polska S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- EUR 190 thousand bank guarantee No. DOK2418GWB20TI of 27 July 2020, provided in connection with a contract for rent of property in Pruszków, valid until 31 December 2024, granted within the credit limit of the facility provided by Santander Bank Polska S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- EUR 213 thousand bank guarantee No. DOK4042GWB21KW of 13 October 2021, provided in connection with a contract for rent of property in Poznań, valid from 30 June 2022 to 29 June 2025, granted within the limit of the credit facility provided by Santander Bank Polska S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- EUR 528 thousand bank guarantee No. DOK1141GWB22WS of 25 March 2022 (as amended), provided in connection with a contract for rent of property in Mysłowice, valid until 30 September 2025, granted within the credit limit of the facility provided by Santander Bank Polska S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- PLN 68 thousand bank guarantee No. DOK1330GWB22KW of 12 April 2022, provided in connection with a contract for rental of property in Tychy, valid until 31 March 2025, granted within the credit limit of the facility provided by Santander Bank Polska S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- PLN 2,000 thousand bank guarantee No. KLG87054IN23 of 3 April 2024, provided in connection with a distribution agreement, valid until 31 December 2024, granted within the credit limit of the facility provided by ING Bank Śląski S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- PLN 3,000 thousand bank guarantee No. KLG95891IN24 of 12 June 2022, provided in connection with a distribution agreement, valid until 31 December 2026, granted within the credit limit of the facility provided by ING Bank Śląski S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)
- EUR 655 thousand bank guarantee No. KLG99214IN24 of 15 November 2024, provided in connection with a lease contract for the Zgorzelec logistics hubs, valid until 14 November 2027, granted within the credit limit of the facility provided by ING Bank Śląski S.A. (see notes 27 and 28 to, respectively, the separate and consolidated financial statements for 2024)

None of the Group companies issued any sureties to non-Group entities in 2024.

2.15 Assessment of financial resources management, including assessment of the Group's ability to meet its liabilities; identification of threats and threat mitigation measures taken or intended to be taken by the Group

In 2024, the Group managed its financial resources in a sound manner, maintaining the highest possible efficiency of their use. In particular, the key financing sources for the Group's operations were internally generated funds, bank and non-bank borrowings, trade payables, and lease contracts.

For information on amendments to credit facility agreements, and on new and terminated agreements, see Sections 2.7 and 2.9 of this Report.

2.16 Reconciliation of differences between the financial results disclosed in the full-year report and previously released forecasts for the year

The Company's Management Board did not publish any financial forecasts of Auto Partner S.A. and its Group for 2024.

3 OTHER INFORMATION

3.1 DESCRIPTION OF MATERIAL RISK FACTORS AND THREATS, INCLUDING INFORMATION ON THE GROUP'S EXPOSURE TO SUCH RISKS OR THREATS

3.1.1. Risk factors related to the Company's and the Group's operating environment

Macroeconomic and industry risks

The market environment in which the Company and the Group operate is constantly evolving as a result of changes taking place in the automotive industry, including both automotive production and development of spare parts distribution channels.

On the one hand, the growing use of complex systems and components in modern cars requires repair workshops to have broader expertise and better equipment, which may pose a challenge to the development of independent workshops, being the main group of the Company's customers. On the other hand, the regulations introduced in the European Union create a level playing field for both independent and authorised workshops' access to know-how, and make it possible for authorised workshops to make greater use of the services of independent automotive part suppliers (which, however, is often objected to by car manufacturers).

The changing market environment offers growth opportunities for the operators that can successfully identify market trends and adapt flexibly, and at the same time poses a risk of choosing an inappropriate strategy.

The activities and financial results of the Group companies depend to a large extent on the economic conditions prevailing primarily on the domestic market, and in particular on such macroeconomic factors as the GDP growth rate, inflation rate, unemployment rate, the government's monetary and fiscal policies, corporate investment levels, availability and cost of credit, household incomes and consumer demand.

The above factors, as well as the direction and level of their changes, have an impact on the activities of the Group, its growth prospects, financial condition or results. There is a risk that a possible decline in the economic growth rate in Poland and other markets where the Group is present, or the use of economic policy instruments adversely affecting the Group's business may affect the demand and lead to an increase in the Group's costs. Accordingly, deterioration of the macroeconomic indicators may have an adverse effect on the Group's business, growth prospects, financial condition or results.

Risk of a shift in the demand structure

The Group keeps stocks of a wide range of goods. The purchases it makes depend on the assessment of market demand for individual product groups, and are therefore exposed to the risk of incorrect market assessment or changes in the demand structure. Any potential fluctuations in demand, in particular a serious decline in demand for specific product groups in a situation where the Company has bought large stocks of such products, may have adverse financial consequences to the Company such as freezing of working capital or the necessity to offer significant discounts. Rapid and unforeseen changes in demand for the goods offered by the Company may have a significant adverse impact on its financial condition and financial results.

The Group monitors and performs ongoing analyses of the trends in engine production technologies. In the long term, the changes may lead to a shift in the demand structure as a result of falling demand for some parts (engine parts, operating fluids, filters, etc.) and emergence of the market for parts used in electric engines and vehicles. The Group will cooperate with its suppliers to respond to such changes on an ongoing basis by expanding its offer to include new references.

Risk of weakening of the market position of independent repair workshops

In line with the increasing complexity of car components, requirements relating to their maintenance and repair are also growing, both with regard to the know-how and training of car mechanics and the technical equipment used in the workshops. Independent workshops need to constantly raise their qualifications and invest in equipment used in the modern cars maintenance. Insufficient development of the independent workshops’ capabilities will cause the Group's market to shrink and will have an adverse impact on its financial performance.

The growing requirements for the equipment and expertise of independent repair workshops may be a catalyst of consolidation processes in the industry, which in turn may lead to greater market concentration while reducing the number of players operating on that market.

Any significant acceleration of the above trends and market developments may increase competition between the Group and its competitors. At the same time, in order to grow its business scale the Group will have to spend more than it planned on initiatives supporting its partner workshops (partnership programmes, assistance in upgrade and expansion projects, etc.), which may adversely affect its financial performance.

The market is also seeing increasing competition between authorised service centres for customers having post-warranty vehicles (in particular three to eight years old). The customers are offered preferential pricing terms, which may force independent distributors to reduce their margins.

Risk of new large competitors specialising in wholesale distribution of automotive parts entering the market in Poland and in other countries where the Group is present

The market for independent distribution of spare parts in Poland is dominated by Polish companies. Its size and good prospects imply a growing likelihood of foreign automotive part distributors entering the market. By offering more favourable purchase terms, they can capture a significant market share and cause increased competitive pressures.

Another risk associated with the entry into the Polish market of large foreign distributors is the risk of losing strategic suppliers, for whom certain foreign distributors are larger customers.

Due to the nature and maturity of the market, a possible entry of foreign competition is likely to take the form of a foreign entity taking over one of the major domestic players.

Similar mechanisms may also occur on selected foreign markets where the Group operates or intends to operate.

Increasing competitive pressure resulting from the above scenario could adversely affect the Group's financial performance and growth potential.

Risk related to the structure of foreign customers

The Group's export sales are exposed to country-specific risks in its customers’ markets, such as changes in the size and structure of the spare parts market, changes in the purchasing power of the population, and stability of the economic and political system.

Risk of legislative changes affecting the Group’s market

Changes in the laws and regulations governing the Group's operations in Poland and on other markets, including in particular changes in labour law and social security regulations or regulations relating directly or indirectly to the automotive industry, may have a material adverse effect on the Group's operations, e.g., if they result in the imposition of additional obligations or restrictions on the sale of automotive parts, and thus increase operating costs or reduce profitability.

Moreover, as a significant portion of the goods the Group distributes in Poland under private label brands are imported from Asia, the Group is exposed to adverse changes in customs laws. Any changes in customs procedures, introduction of prohibitive custom duties, imposition of import quotas or other restrictions on imports may have an indirect adverse effect on the Group's operations, mainly by forcing a change in the supply sources and increasing import costs.

Furthermore, enactment of any new laws that are open to conflicting interpretations may give rise to uncertainty as to the actual legal situation and its consequences, which in turn may entail temporary suspension of the Group's business growth or investments because of concerns about the possible adverse consequences of applying the ambiguous regulations (such as financial losses or even criminal sanctions for actions or omissions made under applicable laws which are then construed by courts or public administration authorities to the prejudice of the business).

The above events may result in a deterioration in the Group's financial performance and profitability of its business, as well as deterioration of its growth prospects.

Risk of tax system instability

Frequent amendments, inconsistencies, and lack of uniform interpretation of the tax laws entail material risks related to the tax environment in which the Group operates. If any tax settlements made by the Group are questioned by tax authorities in connection with discrepancies, changes in the interpretation or inconsistent application of tax laws by different tax authorities, this may result in the imposition of relatively high penalties or other sanctions on the Group.

Given the relatively long limitation period for tax liabilities, the assessment of tax risk is particularly difficult, but the risk described above may have a material adverse effect on the Group's operations, financial condition or performance.

Moreover, since the Group companies operate in different jurisdictions, the Group's operations may be exposed to the adverse effects of, e.g., potential instability of tax laws in force in those countries, divergent interpretations of the regulations, and unfavourable interpretation, amendment or termination of double tax treaties. If any of the above risks materialises, it may have a material adverse effect on the Group's operations, financial condition or financial performance.

Risks related to climate change

Climate change risks include:

- Physical risk – arising from the physical effects of climate change caused by specific weather-related events, such as storms, floods and heat waves. In September 2024, the Auto Partner Group’s branch in Kłodzko was affected by flooding in south-western Poland, and its operations were relocated to an alternative site. Given the nature of the Group’s business operations, such events are infrequent, of low material relevance, and do not pose a significant risk to the Group’s overall operations. The Auto Partner Group mitigates the financial consequences of this risk by maintaining property insurance policies that cover natural disasters.
- Transition risk – regulatory risk – related to the tightening of the European Union's climate policy, the tightening of environmental requirements, and the growing awareness of customers regarding climate change. These factors may lead to a shift away from the use of solid fuels in cars and more widespread introduction of electric cars. The Auto Partner Group has identified a regulatory risk that could impact its industries, stemming from Regulation (EU) 2023/851 of the European Parliament and of the Council of 19 April 2023 amending Regulation (EU) 2019/631 as regards strengthening the CO2 emission performance standards for new passenger cars and new light commercial vehicles in line with the Union’s increased climate ambition. The exact impact on the Group’s future operations is uncertain (it could lead to a smaller spare parts market and revenue loss, requiring adjustments to costs and reductions in balance-sheet items like inventories, receivables, liabilities, and loans). The Group recognises

the need to consider the impact of the regulation in inventory impairment assessment (taking into account inventory turnover rates and sales options for affected product categories). It should be noted that the regulation will not take effect soon, and it may be subject to change.

The Group maintains insurance coverage for all branches and warehouses to mitigate financial losses resulting from the physical impacts of climate change, such as flooding. It also continuously monitors new EU legislation relevant to the automotive industry and tracks market trends to enable timely and effective adaptation of its business model and strategy to align with regulatory requirements and evolving market and customer expectations.

Risk related to the Russian Federation's invasion of Ukraine

Following the Russian invasion of Ukraine launched on 24 February 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 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 Company's performance. The situation is highly unpredictable and therefore the current expectations may change in the coming periods.

As at the date of these financial statements, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's operations, business continuity and financial condition. There were no indications of asset impairment linked to the conflict in Ukraine, as the Company does not possess any non-financial assets in Ukraine that could be affected by military operations there. Assuming that the armed conflict in Ukraine continues on its current course without spreading to neighbouring countries (particularly Poland and other EU nations), it is not expected to significantly affect the Company's sales volume, cash flows, or profitability, as has been the case so far. However, it is important to note that while this assessment reflects the best knowledge of the Management Board, the actual impact may differ, given the unpredictability of how the Russian Federation's military actions in Ukraine might develop and affect the economic situation in Poland and Europe, as well as the uncertainty about their potential impact on the Company's sales volumes, cash flows, and profitability. The Management Board is monitoring the situation to the extent it could potentially affect the Company's business in future periods.

3.1.2. Risk factors related to the Company's and the Group's operations

Risk of changes in the bonus policies applied by spare parts suppliers (manufacturers)

The Group's profitability depends to a significant extent on bonuses granted to the Group by spare part suppliers (manufacturers). The bonus policies support distributors who make purchases of a significant value. Any changes in such policies, consisting in the reduction of the bonus rates or even abandonment of the bonuses, would result in a tangible deterioration of the Group's performance, forcing it to change its pricing policy. Although as at the reporting date there had been no changes in this respect having a material effect on the Group's financial condition, there can be no assurance that they will not occur in the future.

Risk related to unsuccessful strategy implementation or adoption of a wrong development strategy

The market in which the Group operates is highly competitive and is constantly evolving, with the direction and intensity of the changes depending on a number of factors, most of which are beyond the Company's control. Thus, the Group's future position, i.e. its revenue and profitability, depend on the Company's ability to develop and implement an effective long-term strategy. Any erroneous decisions resulting from an incorrect assessment of the situation or the Company's inability to adapt to the changing market conditions may have material adverse financial consequences.

Risk of a decline in demand for certain goods offered by the Company

The Group keeps certain levels of stocks of a wide range of goods. The purchases it makes are based on the assessment of market demand for individual product groups, and are therefore exposed to the risk of incorrect market assessment or changes in the demand structure. Any fluctuations in demand, in particular a large decline in demand for specific product groups in a situation where the Company has bought large stocks of such products, may bring significant losses to the Company in the form of freezing of working capital or the necessity to offer high-value discounts.

Risk related to the structure of the Group's debt

The Group is a party to credit facility agreements and lease contracts. As at the end of 2024, lease liabilities amounted to PLN 212,878 thousand (with PLN 211,906 thousand attributable to the Company), and borrowings totalled PLN 313,735 thousand (with PLN 252,715 thousand attributable to the Company). As at 31 December 2024, the total amount of the Group's interest-bearing liabilities was PLN 526,613 thousand, representing 26.0% of total equity and liabilities. In the period covered by the consolidated financial statements for 2024, the borrowings of the Group included a shareholder loan. The Group's debt outstanding under the loan was PLN 26,700 thousand as at the end of 2024. In addition, the Group created security interests over its inventories In relation to credit facility executed with ING Bank Śląski S.A., Santander Bank Polska S.A., mBank S.A., and BNP Paribas Bank Polska S.A.

If the liquidity position of the Group deteriorates significantly, the Group may not be able to repay its interest liabilities and principal under the financing agreements or to satisfy additional conditions provided for in the financing agreements.

A default under the financing agreements may result in the tightening of the terms and conditions of the financing, an increase in debt service costs, or immediate termination of all or part of the credit facility agreements by the financing institutions and subsequent seizure of the Group's assets serving as security.

Loss of any material assets may significantly and adversely affect the Group's business or even completely prevent the Group from conducting its business, generating revenues and earning profits. Moreover, if the Group's financial condition deteriorates, the financing institutions may refuse to extend the term of the financing. Any of the above factors may have a material adverse effect on the Group's growth prospects, results and financial condition.

In addition, potential further increases in the reference rate by the Monetary Policy Council could adversely affect the Group's future financial performance.

Currency risk

During the financial year 2024, the Group did not hedge against currency risk. Due to the fact that the Group not only purchases but also sells in foreign currencies, the foreign exchange risk is partially mitigated. In 2024, approximately a half of the cost of goods purchased and operating expenses were settled in foreign currencies, with sales denominated in foreign currencies also accounting for approximately a half of the Group's total sales. The Group's primary trading currencies are EUR, USD, CZK, HUF and RON. The purchases are mainly paid for in PLN, EUR and USD (the Company's settlements are made chiefly in PLN and EUR), while sales are settled in PLN, EUR, CZK, HUF and RON (sales in foreign currencies are made only by the Company, except for sales in CZK by the Czech subsidiary).

Any significant fluctuations in the PLN exchange rate, in particular a long-term and sharp depreciation of PLN, may cause adverse financial consequences to the Company and the Group. In such a situation, the currency risk is passed on to customers in the prices of merchandise, but an increase in prices of imported products to a level that is prohibitive for the end customers may ultimately lead to a decrease in revenue.

Risk related to the concentration of stocks (merchandise) in the central warehouse

The logistics centre, which comprises the Group's main storage facilities, is located in Bieruń near Katowice. If a fortuitous event (fire, flooding, etc.) occurs, it may cause serious disruptions to the continuity of supplies to customers. Such events would mean chiefly delayed deliveries, resulting in a loss of part of the revenue and a possible loss of some of the market if the Company's customers purchase goods from the competitors.

If some or all of the stocks are lost, the Group will be forced to incur expenditure to rebuild them and will recognise a financial loss. The Group has a property insurance policy.

Currently, more than 40% of the stocks are held in the central warehouse. However, in connection with the plans to create regional centres (hubs) and expand the branch network (i.e., the Company’s own and agent-operated branches, located in Poland or abroad and carrying out sales in a given region), approximately 30% of the stocks will be kept in the central warehouse.

Risk of loss of key personnel and inability to hire qualified workforce

Loss of key personnel, including in particular the executive staff and members of senior and medium-level management, may have a material adverse effect on the Auto Partner Group’s operations. The management staff and other employees belonging to the group of key specialists contribute significantly to the Group’s market success. There can be no assurance that it will be possible to retain all persons of key importance to the Group’s growth or to hire equally efficient specialists in their place.

In addition, given the Auto Partner Group’s development plans, including the increase in the number of branches, the Group will have to hire new employees/associates with high qualifications in specific competence areas (sales, branch management, etc.). Any difficulties in this respect, or hiring employees whose qualifications prove worse than expected, may delay the expansion process or may cause the business development process to bring less significant results.

The Group offers attractive remuneration, which contributes to strong interest in its job offers. Additional motivational and retention initiatives include a comprehensive benefits package, such as private healthcare for employees and their families, subsidies for fitness memberships, team-building events, subsidised meals, discounts on automotive parts, and financial support for English language lessons.

Risk related to the IT system

The Auto Partner Group’s operations are heavily reliant on the efficient operation of its IT infrastructure. System failures could limit sales or, in extreme cases, halt operations – particularly in the Group’s digitalised distribution hubs – negatively impacting financial performance.

Cybersecurity threats, including phishing, spoofing, or other hacking activities, may compromise system integrity and result in data breaches, including the exposure of employees’ personal data, with potential legal and reputational consequences.

The Group has implemented robust IT security measures, including multi-layered protections, threat detection systems, and continuous monitoring of network and server infrastructure. These efforts are overseen by an internal IT department, which implements corrective measures on an ongoing basis. In 2024, an online cybersecurity training session was conducted to increase employee awareness of potential threats and best practices for prevention. The programme will be further developed and expanded on a regular basis to enhance employees’ understanding of cybersecurity risks.

Risk related to the operation of the Group's main warehouse

The Parent's head office is located on the same property in Bieruń as the Group's main warehouse.

The Company uses the property under a lease contract of 28 June 2013.

The lease was concluded for 10 years from the date of delivery of Phase 1 of the leased asset, i.e., 15 May 2014.

Under the contract, the lessor has the right to terminate it with immediate effect, in particular if any of the following events occurs:

- late payment of rent for at least two full payment periods;
- filing for bankruptcy or for the opening of recovery proceedings with respect to the lessee, provided that the lessee's debt owed to the lessor is past due by more than 30 days; and
- use of the leased asset other than in accordance with its intended purpose or a material breach of the lease terms specified in the contract and failure to remedy the breach, which may cause or has caused damage to the leased asset beyond normal wear and tear.

Before giving a notice of termination, the lessor is required to notify the lessee in writing of the intention to terminate the contract and give the lessee additional 14 or 21 days to perform the relevant obligation (depending on the type of breach of the obligation under the contract).

As the property where the Company's head office and the Group's main warehouse are located is not owned by the Company, there can be no assurance that the Company will not lose its right to use the property, which is one of its key assets. In such a situation, the operation of the main warehouse may encounter temporary difficulties as it will be necessary to relocate the head office and the main warehouse to another property, which may adversely affect the Group's operations and performance.

As the term of the lease contract ends in 2024, the Company has entered into a lease contract with the existing Lessor for the same property for a further period of 10 years, i.e., until 30 May 2034.

Risk related to fire hazards at Group locations

The Auto Partner Group has identified the risk of fire outbreaks at its sites.
The Group has implemented a comprehensive set of fire protection measures, including smoke detection systems, automated fire suppression systems, and evacuation procedures. Warehouses undergo regular safety inspections, and employees receive training in fire response and evacuation procedures. Additional preventive measures include the proper storage of flammable materials, designated storage zones, and real-time monitoring systems. These safeguards enable the early detection of potential threats and prompt response, effectively minimising the risk of property damage and ensuring the safety and health of employees.

3.2 THE COMPANY'S AND THE GROUP'S GROWTH STRATEGY AND MEASURES TAKEN AS PART OF ITS IMPLEMENTATION IN THE REPORTING PERIOD; INFORMATION ON THE COMPANY'S GROWTH PROSPECTS IN THE NEXT FINANCIAL YEAR OR BEYOND

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 is engaged in a programme to expand its network of owned branches and consistently undertakes 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. In 2024, the Company continued work on the launch of a new logistics and warehousing hub in Zgorzelec.

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

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 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 is 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.

3.3 MAJOR R&D ACHIEVEMENTS

The Group does not conduct any research and development activities.

3.4 INFORMATION ON THE KEY INTANGIBLE RESOURCES AND EXPLANATION HOW THE BUSINESS MODEL OF THE COMPANY FUNDAMENTALLY DEPENDS ON SUCH RESOURCES AND HOW SUCH RESOURCES ARE A SOURCE OF VALUE CREATION FOR THE COMPANY AND ITS GROUP

The Auto Partner Group holds intangible resources that are essential for its operations and continued business growth. These include:

- IT systems – these systems represent a critical intangible resource for the Company, directly impacting its operational efficiency and strategic development. Their role is to support core business processes by enabling automation, cost optimisation, and enhanced data security. The Group employs advanced IT solutions, such as ERP and CRM systems, as well as data analytics, to facilitate effective management of resources, processes, and customer relations. Investment in cutting-edge technologies fosters innovation and bolsters the Group's capacity to adapt to evolving market conditions.

  Furthermore, IT systems significantly contribute to the Group's value creation by supporting strategic decision-making and streamlining internal processes. Advanced data analytics and AI algorithms increase the accuracy of trend forecasts, help identify areas requiring optimisation, and meaningfully inform business decisions.

  Continued development of IT systems remains a strategic priority for the Company, as they allow it to maintain a competitive edge and operational resilience in a dynamic business environment.

- Intellectual property (IP) protection systems – The Group has in place both legal and technical measures to safeguard its intellectual property against unauthorised copying and copyright infringements and thus protect the Group's reputation, support the development of private label brands, and prevent unfair competition. Among the most important protective measures are registered trademarks (word, design, and device marks). These trademarks constitute a critical aspect of brand identity and an integral component of the Group's marketing strategy that supports the development and expansion of its product offering. This protection enables the Group to generate revenue from sales of its private label products and provides a safeguard against unfair competitive practices.
- Relationships with distribution partners – The Group's long-standing collaboration with car repair workshops within the MaXserwis network enables efficient product distribution and rapid response to market changes. Established relationships with these workshops ensure an extensive reach of the Group's offerings, enhance its brand recognition, and support delivery of its sales strategy.

3.5 AUDIT OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY–31 DECEMBER 2024

On 5 May 2022, pursuant to the Supervisory Board's resolution of 11 April 2022 on the appointment of an audit firm, Auto Partner S.A. and PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., with its registered office at ul. Polna 11, 00-633 Warsaw, entered into an agreement providing for the following services concerning the Company's and the Group's financial statements for the financial years 2022, 2023 and 2024:

- Review of the condensed separate financial statements of Auto Partner S.A. for the first half of 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).
- Review of the condensed consolidated financial statements of the Auto Partner Group for the first half of 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).
- Audit of the separate financial statements of Auto Partner S.A. for 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).
- Audit of the consolidated financial statements of the Auto Partner Group for 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).

VAT-exclusive auditor fees for auditing and reviewing the Group's financial statements in 2023 and 2024:

	Period ended 31 December 2024	Period ended 31 December 2023
Audit of full-year financial statements	400,000	335,000
Review of financial statements	100,000	109,000
Total auditor fees	**500,000**	**444,000**

Source: the Group.

Including VAT-exclusive auditor fees for auditing and reviewing the Company's financial statements in 2023 and 2024:

	Period ended 31 December 2024	Period ended 31 December 2023
Audit of full-year financial statements	324,800	268,000
Review of financial statements	100,000	109,000
Total auditor fees	**424,800**	**337,000**

Source: the Group.

On 13 August 2024, acting on the Supervisory Board resolution of 7 August 2024, Auto Partner S.A. engaged UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością of Warsaw to perform assurance services in relation to the Auto Partner Group's Sustainability Statement for 2024.

The auditor's net fees for the aforementioned assurance are presented in the table below.

	Period ended 31 December 2024
Assurance of the Group's Sustainability Statement for 2024	110,000
Total auditor fees	**110,000**

3.6 BRANCHES (ESTABLISHMENTS) OF THE COMPANY

As at 31 December 2024, the Company had no branches or establishments within the meaning of the Commercial Companies Code. As at the reporting date, the Company had 118 point-of-sale branches in Poland, which are not independent organisational units.

3.7 MATERIAL EVENTS WITH A BEARING ON THE COMPANY'S AND THE GROUP'S BUSINESS WHICH OCCURRED IN OR AFTER THE FINANCIAL YEAR

All material events that occurred in 2024 are discussed in Sections 2.3. and 2.4 of this report.

Events subsequent to the reporting date

1. On 4 February 2025, an agreement was signed with Global One Automotive GmbH of Frankfurt whereby the Company advanced a loan of EUR 1,000 thousand to Global One. The loan bore interest at 3M EURIBOR plus margin. The agreement was concluded for a definite term from 1 February 2025 to 30 July 2025. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).
2. On 11 March 2025, the Company signed an amendment to the Multi-Facility Agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of 26 September 2016 (as amended). Pursuant to amendment:

- ✓ an increase in the Multi-Facility limit from PLN 90,000 thousand to a maximum amount of PLN 100,000 thousand, with the available funds to be used to finance the day-to-day operations;
- ✓ an increase in the overdraft facility sublimit from PLN 40,000 thousand to PLN 50,000 thousand;
- ✓ an increase in the bank guarantee sublimit from PLN 10,000 thousand to PLN 15,000 thousand;
- ✓ extension of the maximum duration of the agreement (following automatic annual renewals) from 31 March 2026 to 31 March 2028.

The agreement 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 150,000 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 16,500 thousand; e) notarised consent to debt enforcement submitted under Art. 777.1 of the Code of Civil Procedure. Interest rates: PLN 1M WIBOR + margin, EUR 1M EURIBOR + margin.

3. On 20 February 2025, a bank guarantee was issued for a lease contract concerning the storage facility in Pruszków. The guarantee amount is EUR 190 thousand. The guarantee took effect on 20 February 2025 and expires on 31 May 2027. The guarantee was granted within the credit limit of the facility provided by Santander Bank Polska S.A.
4. On 31 March 2025, the Management Board of the Company passed a resolution to recommend a dividend payment for the financial year 2024 to the Annual General Meeting. Pursuant to the resolution, the Management Board recommends that dividend of a total of PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty), or PLN 0.15 (fifteen grosz) per share, be paid to shareholders from the Company's net profit. At its meeting held on 14 April 2025, the Supervisory Board resolved to endorse the Management Board's recommendation. The ultimate decision on dividend payment will be made by the Annual General Meeting, which will also set the dividend record date and the dividend payment date.

3.8 FINANCIAL METRICS

In order to present a comprehensive view of the Company's and the Group's financial position, the Company uses alternative performance measures (APMs). The Company believes that they provide material information on the financial position, operating efficiency and profitability. The APMs used by the Company should be analysed in addition to, rather than instead of the financial information presented in the financial statements.

The Company presents selected alternative performance measures as additional (apart from the data in the financial statements) information on its financial and operating position and financial liquidity, facilitating analysis and assessment of the Company's and its Group's financial performance. The selected APMs are presented because they are standard metrics and indicators commonly used in financial analysis. Selection of the APMs was preceded by an analysis of their suitability for providing useful information to investors.

3.9.1. Profitability metrics of the Company and the Group

The profitability metrics presented below were calculated on the basis of financial data from the separate and consolidated statements of profit or loss and other comprehensive income for 2024.

The table below presents the Company's and the Group's profitability metrics for the periods indicated.

	For year ended 31 December consolidated financial statements		For year ended 31 December separate financial statements	
	2024	2023	2024	2023
	PLN '000	PLN '000	PLN '000	PLN '000
EBITDA (PLN thousand)[1]	343,556	346,228	327,359	321,654
Gross margin (%)[2]	27.4	27.1	26.6	26.1
EBITDA margin (%)[3]	8.4	9.5	8.0	8.8
EBIT margin (%)[4]	7.0	8.3	6.7	7.6
Profit before tax margin (%)[5]	6.3	7.6	6.2	7.4
Net profit margin (%)[6]	5.1	6.1	5.1	6.0

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) Profit before tax margin is defined as the ratio of profit before tax 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.

The profitability metrics presented below were calculated on the basis of data from the separate and consolidated statements of financial position for 2024.

The table below presents the Company's and the Group's profitability metrics for the periods indicated.

	For year ended 31 December consolidated financial statements		For year ended 31 December separate financial statements	
	2024	2023	2024	2023
	PLN '000	PLN '000	PLN '000	PLN '000
ROE (%)[7]	18.2	23.7	17.8	22.8
ROA (%)[8]	10.9	13.3	11.1	13.3

Source: the Group.

(1) The Group defines and calculates ROE as the ratio of net profit for the period to 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 as the ratio of net profit for the period to 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).

3.9.2. Efficiency metrics of the Company and the Group

The Group's efficiency metrics presented below were calculated on the basis of financial data from the separate and consolidated statements of profit or loss and other comprehensive income for 2024 and the separate and consolidated statements of financial position as at 31 December 2024.

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

	As at 31 December consolidated financial statements		As at 31 December separate financial statements	
	2024	2023	2024	2023
	PLN '000	PLN '000	PLN '000	PLN '000
Inventory turnover period (days)[1]	133	137	122	127
Average collection period (days)[2]	35	32	35	33
Average payment period (days)[3]	22	23	20	24
Cash conversion cycle[4]	146	146	137	136

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.

3.9.3. Debt metrics of the Company and the Group

The Group's debt ratios presented below were calculated on the basis of the separate and consolidated statements of financial position as at 31 December 2024.

The table below presents the Company's and the Group's debt metrics.

	As at 31 December consolidated financial statements		As at 31 December separate financial statements	
	2024	2023	2024	2023
	PLN '000	PLN '000	PLN '000	PLN '000
Total debt ratio (%)[1]	39.1	41.7	36.2	39.5
Long-term debt ratio (%)[2]	18.6	16.3	19.2	16.6
Short-term debt ratio (%)[3]	20.5	25.4	17.0	22.9
Equity-to-debt ratio (%)[4]	155.9	139.9	176.0	153.2

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.

3.9.4. Liquidity metrics of the Company and the Group

The Group's liquidity ratios were calculated on the basis of financial data from the separate and consolidated statements of financial position as at 31 December 2024.

The table below presents the Company's and the Group's liquidity metrics.

	As at 31 December consolidated financial statements		As at 31 December separate financial statements	
	2024	2023	2024	2023
	PLN '000	PLN '000	PLN '000	PLN '000
Current ratio[1]	3.86	3.12	4.49	3.35
Quick ratio[2]	1.11	0.87	1.36	0.98
Cash ratio[3]	0.09	0.08	0.10	0.08

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.

3.9 MATERIAL COURT, ARBITRATION AND ADMINISTRATIVE PROCEEDINGS

No material court, arbitration or administrative proceedings are currently pending in relation to any liabilities or claims of the Company or any of its subsidiaries.

3.10 FINANCIAL INSTRUMENTS

3.11.1. Capital risk management

The purpose of the Group's capital management is to ensure that the Group companies can continue as going concerns and to maximise return for the shareholders by optimising the debt-equity structure.

The Group is not subject to any external capital requirements, apart from the following:

1) Pursuant to Art. 396.1 of the Commercial Companies Code, which applies to the Company, at least 8% of profit for the financial year should be contributed to statutory reserve funds held for the purpose of covering losses, until the funds reach at least one-third of the Company's share capital. That part of statutory reserve funds (retained earnings) is not available for distribution to shareholders. As at 31 December 2024, it amounted to PLN 4.4 million.
2) The covenants included in credit facility agreements do not allow the payment of dividends if the solvency ratio (equity-to-total assets) is below 50% and/or the net-debt-to-EBITDA ratio stands above 3.5 or is negative.

3.11.2. Currency risk management

The Group enters into certain transactions denominated in foreign currencies, and thus it is exposed to the risk of exchange rate fluctuations. In 2024, the Group did not use derivative instruments to hedge its currency risk. With respect to the euro, currency risk is largely subject to natural hedging, as the Group’s euro-denominated sales and purchases offset each other over the course of the year.

3.11.3. Interest rate risk management

The Group is exposed to interest rate risk as its subsidiaries borrow funds bearing interest at fixed and variable rates. The Group manages the risk by maintaining an appropriate proportion of fixed- and floating-rate borrowings. The Group does not use derivative instruments to hedge against interest rate risk.

The Group's exposure to interest rate risk related to financial assets and liabilities is discussed in detail in the section on liquidity risk management.

3.11.4. Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations, which will result in financial losses to the Group. The Group only trades with customers with proven creditworthiness. If necessary, the Group takes appropriate security to reduce the risk of incurring financial losses due to the customer’s default. The Group uses financial information available in the public domain and its own transaction data to assess the creditworthiness of its main customers. The Group's exposure to credit risk is constantly monitored.

Trade receivables include amounts due from a large number of customers. Therefore, the Group is not exposed to material credit risk from a single counterparty, although the concentration increases as the scale of its operations on foreign markets grows. Therefore, the Group takes out additional insurance to cover a specific portfolio of receivables from its foreign customers, and – to a lesser extent – domestic customers.

3.11.5. Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Management Board, which has put in place an appropriate system for managing short-, medium- and long-term financing and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserve credit facilities, continuously monitoring projected and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

3.11 CURRENT AND ANTICIPATED FINANCIAL POSITION OF THE COMPANY AND THE GROUP

The Company's Management Board views the Company's and the Group's financial position as stable. As at the reporting date, the Group's net debt to EBITDA was 1.3 (the ratio is calculated net of the shareholder loan, which is subordinated to credit facility agreements and is not taken into account in the calculation of the ratio by the banks), which is a safe level in the context of the maximum levels required by banks and resulting from the financial covenants defined in the credit facility agreements.

In addition, the Company has an option to choose between deferred payment deadlines and additional discounts from suppliers. At present, the Company uses the discounts to maximise margins rather than the deferred payment option, which has a significant bearing on the length of the average payment period.

Given the rapid development of the Group, the Management Board uses surplus funds to ensure an appropriate level of inventories in order to guarantee the highest quality of service to its customers, which may lead to temporarily negative operating cash flows but, in the Management Board's opinion, will generate tangible profits in the future due to higher turnover.

3.12 Agreements providing for compensation to members of the management staff in the event of resignation or removal from office without a good reason, or termination or removal from office in the event of change of control

The Company has not entered into agreements referred to above with any members of its management staff.

3.13 Agreements known to the Company (including those concluded after the reporting date) which may change the proportions of Company shares held by its existing shareholders and bondholders

The Company is not aware of any agreements which may result in future changes in the proportions of Company shares held by its existing shareholders and bondholders.

3.14 Information on repurchase of Company shares, including information on the purpose of the repurchase, number and par value of the shares and the percentage of the share capital they represent, and purchase price and selling price (if the shares are sold)

In the financial year 2024, the Company did not execute any transactions in its own shares.

3.15 If the Company issued any securities in the period covered by the report – information on the use of the proceeds by the date of preparation of the financial statements

In the financial year 2024, the Company did not issue any securities.

3.16 Development policy for the Group and the Company

Both the Company and the Group intend to continue their existing development policy. For the discussion of the Group's development plans, see Section 3.2 of this report.

3.17 Statement of compliance with corporate governance standards by Auto Partner S.A.

3.18.1. Code of corporate governance standards applicable to the Company; the place where the code is available to the public

In 2024, Auto Partner S.A. was subject to the corporate governance standards set out in Best Practice for WSE Listed Companies 2021 ("Best Practice 2021") adopted by the Supervisory Board of the Warsaw Stock Exchange by Resolution No. 13/1834/2021 on 29 March 2021. Best Practice 2021 is available at http://corp-gov.gpw.pl.

The Company published information on the status of its compliance with the standards set out in Best Practice 2021 on its website at https://autopartner.com/lad-korporacyjny/.

3.18.2. Scope of non-compliance with the code of corporate governance standards, identification of the specific provisions of the code that were not complied with, and reasons for the non-compliance

The Company complies with the corporate governance standards set out in Best Practice for WSE Listed Companies 2021, except for the following standards: 1.3.1., 1.3.2., 1.4., 1.4.1., 2.1., 2.2., 2.11.6., 3.1., 3.2., 3.4., 3.6., 3.7., 4.1., 4.3.

1. Disclosure policy and investor communication

   Companies integrate ESG factors in their business strategy, including in particular:

   1.3.1 environmental factors, including measures and risks relating to climate change and sustainable development;

   The principle is not complied with.

   Company's comment: *ESG aspects are not comprehensively integrated into the Company's current strategy, but the Company will take them into account when developing its future strategy*.

   1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

   The principle is not complied with.

   Company's comment: *ESG aspects including social and employee factors are not comprehensively integrated into the Company's current strategy. In the course of its day-to-day operations, the Company complies with the applicable laws and standards of ethics pertaining to gender equality, decent working conditions, respect for employees' rights, prevention of workplace bullying, dialogue and engagement with the local communities, It is also committed to maintaining good customer relations. Nevertheless, the Company will take social and employee factors into account when developing its future strategy.*

   1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

   The principle is not complied with.

   Company's comment: *The Company's current strategy framework and business goals are published on its corporate website. The current strategy does not include any references to ESG factors*. *However, the Company will take such factors into account when developing its future strategy.*

   1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

   The principle is not complied with.

   Company's comment: *Climate change aspects are not comprehensively integrated into the Company's current strategy, but the Company will take them into account when developing its future strategy.*

2. Management Board, Supervisory Board

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education,

expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.
The principle is not complied with.
Company's comment: *The Company does not have in place a formalised diversity policy applicable to the Management Board and Supervisory Board, approved by the Supervisory Board and the General Meeting, respectively. However, the Company complies with the applicable laws on non-discrimination in employment and does not restrict in any way the diversity of its corporate bodies. When appointing members of the corporate bodies, the General Meeting or the Supervisory Board, as applicable, have regard primarily to the Company's needs and therefore focus on a candidate's competence, expertise, professional experience and knowledge of the industry in which the Company operates. The current composition of the Supervisory Board and Management Board is diverse in terms of education, expertise, age and professional experience, but factors such as a candidate's gender are not taken into account.*
2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.
The principle is not complied with.
Company's comment: *The bodies appointing members of the Management Board and Supervisory Board ensure their diversity by appointing persons with diverse educational backgrounds, experience and age. The gender criterion is not taken into account. Also, this principle is not applied in connection with non-application of principle 2.1. However, recognising the intrinsic value of this best practice, on the occasion of appointing members of the Management Board and Supervisory Board for another term of office, the Company will present this principle to the General Meeting whose agenda includes the appointment of Supervisory Board members and to the Supervisory Board with respect to the appointment of Management Board members.*
2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.
The principle is not complied with.
Company's comment: *Non-compliance with this principle is a consequence of non-compliance with principle 2.1.*

3. Internal Systems and Functions
3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.
The principle is not complied with.
Company's comment: *Currently, this principle is applied to a limited extent. Since 2020, the Company has had in place a compliance system, which includes in particular: the Code of Ethics, the Anti-Corruption Code, the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying, the Procedure to Be Followed in the Case of an Inspection/Search, and the Procurement Procedure. The system is designed to ensure compliance of the Company's activities with the applicable laws, business standards and other market requirements. Among other things, the system has defined the management process for the risk of misconduct and conflicts of interest and the effective whistleblowing process. Internal control and risk management systems are*

distributed and are operated in various areas of the Company's operations. The Company is considering establishment of an internal audit function.

3.2. The Company's organisational structure includes separate units responsible for the tasks of the respective systems or functions, unless this is not justified by the size of the Company or the type of its activity.

The principle is not complied with.

Company's comment: *Currently, this principle is applied to a limited extent. While the Company has established a dedicated compliance unit, internal control and risk management systems are distributed and are operated in various areas of the Company's activity. There are no separate organisational units responsible for these tasks within the Company' structure. The Company is considering establishment of an internal audit function.*

3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.

The principle is not complied with.

Company's comment: *Given the limited application of principle 3.2, full compliance with this principle is not possible.*

3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

The principle is not complied with.

Company's comment: Given the limited application of principle 3.2, full compliance with this principle is not possible.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

The principle is not complied with.

Company's comment: No persons have been appointed at the Group companies to perform such tasks. The risk management and compliance functions are performed at the parent's level.

3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

The principle in not applicable to the Company.

Company's comment: *The principle in not applicable to the Company.*

4. General Meeting, Shareholder Relations

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The principle is not complied with.

Company's comment: *Given the lack of interest from shareholders and risks associated with e-meetings, the principle is not applied. Implementation of this principle would also involve certain technical and legal risks, which might affect the proper and smooth conduct of General Meetings, entailing the risk that resolutions passed by the General Meeting could potentially be challenged, in particular by citing technical issues.*

4.3 A company should ensure publicly available and real-time broadcasts of its general meetings.

The principle is not complied with.

Company's comment: *Given that implementation of this principle would involve the provision of specific technical and organisational infrastructure, and that no expectations are voiced by* *shareholders regarding access to broadcasts of the General Meetings, the Company does not currently apply this principle, although it does not rule out its application in the future.*

3.18.3. Key characteristics of the internal audit and risk management systems applied at the Company in connection with the preparation of financial statements

Auto Partner S.A. and other Auto Partner Group companies have a distributed internal control system in place. The system is suited to the Group's needs and ensures effectiveness, reliability, completeness, compliance with laws and internal regulations, as well as validity of financial and management information. Internal control is one of the functions in day-to-day management of the Group, carried out directly by the parent's Management Board, the Management Boards of the subsidiaries, the Controlling Department, the Internal Control Department, other employees in management positions, and the Group's legal services.

In accordance with applicable laws, as part of the reporting control process, the Auto Partner S.A. Management Board has the financial statements reviewed or audited, as appropriate, by an independent auditor. The auditor is selected by the Company's Supervisory Board based on recommendations from the Audit Committee. The financial statements are prepared in accordance with appropriate procedures, in cooperation with individual departments of the Company and its subsidiaries, under the supervision of the Chief Financial Officer. The Group applies approved accounting policies, describing the rules of measurement of assets, equity and liabilities, and profit or loss.

In the process of preparing financial statements, the Group uses dedicated IT tools that support automatic verification of data consistency and monitoring of the accounting and controlling activities on a continuous basis.

The comprehensive nature of the control system ensures timely and accurate disclosure of facts relating to material elements of the Group companies' business. It allows the Auto Partner S.A. Management Board, the Audit Committee and the Supervisory Board to obtain full view of the Group's financial condition, operating performance, assets, and efficiency of management. The Auto Partner Group's control system ensures complete disclosure of business transactions, correct assignment of supporting documents, and correct valuation of the resources at each registration stage, thus ensuring that the financial statements are prepared correctly and enabling the Management Board to conduct the operations of Auto Partner S.A. and the Auto Partner Group based on verified and complete information.

As part of its risk management procedures, the Group carries out verification and reconciliation of management policies, covering mainly:

- 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 of 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 hazards at Group locations

The Auto Partner S.A. Management Board assesses the risks related to the Company's and the Group's operations on an ongoing basis and manages those risks. The Management Board is responsible for monitoring and identifying the risks. The enterprise risk is managed by the Management Boards of individual Group companies.

The Supervisory Board, together with the Audit Committee, monitors the financial reporting process and the effectiveness of internal control and risk management systems. The Audit Committee works with the Auto Partner S.A. Management Board and the Auditor on an ongoing basis with respect to supervision of the preparation of financial statements.

3.18.4. Shareholders holding, directly or indirectly, major holdings of Company shares, the number of shares held by each shareholder, the percentage of the Company's share capital they represent, the number of votes attached to the shares, and the percentage of total voting rights they represent at the General Meeting

As at the date of issue of this report, i.e. 15 April 2025, the Company's shareholders with major holdings of shares were:

Shareholder	Number of shares held	Number of voting rights at GM	Ownership interest (%)	Share of total voting rights (%)
Turzyńska Fundacja Rodzinna*	56,944,758	56,944,758	43.60%	43.60%
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%

* Entity controlled by Aleksander Górecki.

** In the most recent notification, received by the Company on 10 April 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.

No changes occurred in major holdings of shares in the period from the issue of the consolidated interim report for the third quarter of 2024 on 19 November 2024 to the issue of this report on 15 April 2025.

3.18.5 Holders of any securities conferring special control powers

No outstanding securities issued by the Company confer any special control powers on its holders.

3.18.6. Restrictions on the exercise of voting rights

The Company's Articles of Association do not provide for any restrictions on the exercise of voting rights attached to Company shares.

3.18.7. Restrictions on the transferability of the Company’s securities

As at the date of issue of this report, no restrictions applied at Auto Partner S.A. with respect to the transferability of securities issued by the Company.

3.18.8. Rules governing appointment and removal of Management Board members; powers of Management Board members, including the right to resolve on a share issue or buy-back

Members of the Management Board are appointed by the Supervisory Board for a joint term of five years. The mandates of Management Board members expire on the date of the General Meeting which approves the Directors' Report and the financial statements for the last financial year in which they held the office. Members of the Management Board may be removed before the expiry of their term of office by the Supervisory Board. A Management Board member’s mandate also expires upon the member's death, resignation or removal from the Management Board.

Pursuant to the Commercial Companies Code, the right to remove from office or suspend in duties a Management Board member is also vested in the General Meeting.

Powers and responsibilities of the Management Board include all matters that do not fall within the exclusive scope of powers and responsibilities of the General Meeting or the Supervisory Board.

Decisions on share issue and retirement are governed by the provisions of the Commercial Companies Code.

3.18.9. Rules governing amendments to the Articles of Association.

An amendment to the Articles of Association of Auto Partner S.A. requires a resolution of the General Meeting and entry in the Register of Businesses. A resolution of the General Meeting on amendments to the Company's Articles of Association is passed with a majority of three-fourths of votes, except for amendments with respect to which the Commercial Companies Code provides otherwise. During the reporting period, the following amendments were made to the Company's Articles of Association:

On 24 May 2024, the Annual General Meeting resolved to amend the Articles of Association as follows:

Articles 16.5 and 16.6 were added; Articles 18.3, 19.2, 19.4, 20.5, and 21.2 were modified, and Article 21.2 was struck out.

The amendments to the Articles of Association adopted on 24 May 2024 were announced in Current Report No. 13 released on the same date.

On 23 July 2024, an Extraordinary General Meeting of the Company resolved to amend Article 21.1(i) of the Articles of Association.

The amendments to the Articles of Association adopted on 23 July 2024 were announced in Current Report No. 19 released on the same date.

The restated Articles of Association, incorporating the amendments adopted by the Annual General Meeting on 24 May 2024 and registered by the District Court for Katowice Wschód, 8th Commercial Division of the National Court Register, on 31 May 2024, and the amendment adopted by the Extraordinary General Meeting on 23 July 2024 and registered by the District Court for Katowice Wschód, 8th Commercial Division of the National Court Register on 5 August 2024, are available on the Company's website at: https://autopartner.com/wp-content/uploads/2024/08/Statut-Spolki-Tekst-Jednolity.pdf

3.18.10. Procedures and key powers of the General Meeting; shareholder rights and how they are exercised

The rules for convening the General Meeting are defined in the Commercial Companies Code, the Company's Articles of Association, and the Rules of Procedure for the General Meeting. Both the Articles of Association and the Rules of Procedure for the General Meeting are available on the Company's website at https://autopartner.com/lad-korporacyjny/

An Annual General Meeting is convened by the Management Board and is held within six months of the end of a financial year. The Supervisory Board may convene an Annual General Meeting if the Management Board fails to do so within the time limit specified in the Articles of Association, and an Extraordinary General Meeting, if the Supervisory Board deems it advisable. Furthermore, in certain cases, the shareholders have the right to convene or request the convening of a General Meeting.

Shareholders may attend the General Meeting and exercise voting rights in person or by proxy. One proxy may represent more than one shareholder.

Unless the Commercial Companies Code provides otherwise, the General Meeting is validly held regardless of the number of shares represented.

Any matters to be submitted to the General Meeting are first presented for consideration by the Supervisory Board.

Subject to certain cases, resolutions of the General Meeting are passed by open ballot with simple majority vote, unless the Commercial Companies Code or the Articles of Association provide for more stringent conditions for adopting resolutions on specific matters. A secret ballot is ordered in the case of voting on election or removal from office of members of the Company's governing bodies or liquidators, on bringing them to account, and on personnel matters. A secret ballot is also ordered if at least one shareholder present or represented at the General Meeting so demands.

The procedures for the operation of the General Meeting and the key shareholder rights and powers as well as the manner in which they are exercised are defined in the Commercial Companies Code, the Company's Articles of Association, the Rules of Procedure and the corporate governance standards adopted by the Company.

The following are considered special matters, excluded from the scope of the General Meeting’s powers and responsibilities:

- acquisition and disposal of real estate, perpetual usufruct right to or interest in real estate,
- appointment of the auditor to audit the financial statements.

Pursuant to the Company's Articles of Association, decisions on those matters are made by the Supervisory Board.

Pursuant to the Articles of Association, the General Meeting’s resolutions are passed with an absolute majority of votes cast, except for matters for which the Commercial Companies Code provides otherwise.

A special section dedicated to the Company's General Meetings is available on Auto Partner's website, containing information on an approaching General Meeting, as well as archived materials from previous General Meetings.

General Meetings are held in such a way as to properly discharge obligations towards the shareholders and to enable them to exercise their rights.

If a vote is carried out by means of a computerised system for voting and calculating the voting results, the system should ensure that the number of votes cast corresponds to the number of shares held, and – in the case of secret ballot – should prevent identification of how individual shareholders have voted. The same requirements must be met when conducting secret ballot using ballot cards.

The General Meeting may be held at the Company's registered office or in Tychy, Katowice, Kraków, Warsaw or Gdańsk.

Promptly after the General Meeting completes its proceedings, the Company publishes the resolutions passed by the General Meeting in a current report, and places them on its website so that the shareholders can learn about the matters dealt with during General Meetings.

Shareholders have the right to a share in the profit disclosed in the audited financial statements and allocated by the General Meeting for distribution to the shareholders.

An Extraordinary General Meeting may be convened by shareholders representing at least half of the share capital or of total voting rights in the Company, in which case such shareholders designate the chair of the General Meeting. Shareholder(s) representing at least one-twentieth of the share capital may request the Management Board to convene an Extraordinary General Meeting and place particular matters on its agenda.

A General Meeting may be attended only by persons that are the Company's shareholders sixteen days prior to the date of the General Meeting. Shareholder(s) representing at least one-twentieth of the share capital may request that specific matters be placed on the agenda of the General Meeting. The request should be submitted to the Management Board not later than twenty-one days before the scheduled date of the General Meeting.

Shareholders may attend the General Meeting and exercise voting rights in person or by proxy.

Each Company shareholder has the right to:

- put forward draft resolutions on the agenda items during the General Meeting;
- put forward provisions amending or supplementing a draft resolution included in the General Meeting's agenda, until the debate on the agenda item referred to in the draft resolution has been closed. The proposed provisions, accompanied by a brief statement of reasons, should be submitted in writing, separately for each draft resolution, with the name and surname (company name) of the shareholder specified, to the chair of the General Meeting, unless the chair authorises submission of the proposed provisions orally.

A shareholder has the right to request to be provided with copies of proposals concerning matters included on the agenda of the next General Meeting one week prior to the date of the General Meeting. Shareholders may request copies of the Directors' Report and financial statements, including copies of the Supervisory Board's report and the auditor's report, no later than 15 (fifteen) days prior to the General Meeting.

During the General Meeting, the Management Board is required to provide shareholders with any information on the Company that the shareholders may reasonably request for the purposes of assessing a matter on the agenda.

In 2024, two General Meetings of the Company were held.

3.18.11. Composition and operation of the Company's Management and Supervisory Boards and their committees

Throughout 2024, the **Management Board** was composed of the following persons:

- Aleksander Górecki – President of the Management Board,
- Piotr Janta – Vice President of the Management Board,
- Andrzej Manowski – Vice President of the Management Board.
- Tomasz Werbiński – Member of the Management Board.

The Management Board manages the Company's affairs and represents the Company before third parties. The manner of representation of the Company is defined in the Articles of Association, which stipulate that the persons authorised to make binding declarations of will on behalf of the Company are: President of the Company's Management Board acting individually, or two members of the Management Board acting jointly, or one member of the Management Board acting jointly with a commercial proxy.

The Company's Management Board operates in compliance with applicable laws, in particular the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure for the Management Board, and in accordance with the Code of Best Practice for WSE Listed Companies 2021. Management Board meetings are held at least once a month. The meetings are convened by the President of the Management Board on his own initiative or, in his absence, by a Management Board member. A request to convene a Management Board meeting may be submitted by any member of the Management Board to the President of the Management Board.

Resolutions of the Management Board are passed with an absolute majority of votes cast. In the event of a voting tie, the President of the Management Board has the casting vote. The Management Board makes its decisions independently, except with respect to activities that require approval from other governing bodies under applicable laws or the Articles of Association.

When making decisions on the Company's affairs, the Management Board acts within the limits of reasonable economic risk, after considering all information, analyses and opinions which should be taken into account in a given case in view of the Company's interests. In determining what is in the Company's interest, account is taken of reasonable long-term interests of the shareholders, creditors, employees and other entities and persons cooperating with the Company in connection with its business.

When dealing with shareholders and other persons whose interests affect the Company's interests, the Management Board acts with special care in accordance with the procedures in place to ensure that transactions are made on arm's length terms.

Supervision of the Company is exercised by the Supervisory Board, which consists of five members appointed by the General Meeting for a joint term of office of five years. The Supervisory Board elects the Chair and Deputy Chair of the Supervisory Board from among its members.

Since the beginning of 2024, the composition of the Supervisory Board has been as follows:

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

As at the date of this report, out of the five members of the Auto Partner S.A. Supervisory Board, four were independent members, who submitted relevant written representations to that effect:

- Bogumił Kamiński – Member of the Supervisory Board,
- Bogumił Woźny – Deputy Chair of the Supervisory Board,
- Mateusz Melich – Member of the Supervisory Board,
- Andrzej Urban – Member of the Supervisory Board.

The Supervisory Board members' representations are published on the Company's website.

Pursuant to the Articles of Association, the Supervisory Board meetings are held at least once a quarter. Supervisory Board resolutions may be voted on by written ballot or using means of remote communication. The procedure for adopting resolutions in this manner is defined in the Company's Articles of Association and the Rules of Procedure for the Supervisory Board. The Supervisory Board exercises ongoing supervision in all areas of the Company's operations, with a particular focus on the financial reporting, internal control and risk management processes. The Supervisory Board is liable jointly and severally with the Management Board for the proper preparation of financial statements and the Directors' Report on the Company's operations. Detailed rules of operation of the Supervisory Board are laid down in the Company's Articles of Association, and the Rules of Procedure for the Supervisory Board of Auto Partner S.A.

Audit Committee

The Audit Committee appointed within the Supervisory Board consisted of:

- Bogumił Jarosław Woźny – Chair of the Audit Committee,
- Bogumił Kamiński – Member of the Audit Committee,
- Jarosław Plisz – Member of the Audit Committee,
- Mateusz Melich – Member of the Audit Committee.

The Audit Committee's tasks include monitoring the Company's financial reporting process, preparing draft assessments and reports of the Supervisory Board in connection with the close of the financial year, monitoring effectiveness of the internal control, internal audit and risk management systems at the Company, participating in the auditor selection process, monitoring the auditor's independence, and ensuring appropriate cooperation with auditors. At its meeting on 29 December 2017, the Company's Supervisory Board adopted the Rules of Procedure for the Audit Committee of Auto Partner S.A., which define the main principles of its operation.

Independence of members

In 2024, the following persons were independent members of the Audit Committee of Auto Partner S.A., meeting the independence criteria specified in Art. 129.3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (Dz. U. of 2017, item 1089) (the "Act on Statutory Auditors"):

- Bogumił Woźny – Chair of the Audit Committee,
- Bogumił Kamiński – Member of the Audit Committee,
- Mateusz Melich – Member of the Audit Committee.

Persons who have knowledge and skills in the field of accounting or auditing of financial statements, including information on how the knowledge and skills were acquired

The members of the Audit Committee who have knowledge and skills in the field of accounting or auditing of financial statements are Bogumił Jarosław Woźny and Bogumił Kamiński.

Bogumił Jarosław Woźny completed, in 1996, a course in accounting and finance based on the original materials of the Association of Chartered Certified Accountants.

Bogumił Kamiński holds a PhD (doctor habilitated) degree in economics from Warsaw School of Economics (2013), and is currently an associate professor of Warsaw School of Economics.

Persons who have knowledge and skills related to the industry in which the Company operates, including information on how the knowledge and skills were acquired

Jarosław Plisz is a member of the Audit Committee having knowledge and skills related the industry in which the Company operates.

Jarosław Plisz holds a stock broker licence, and since 2007 has served as a member of the Auto Partner S.A. Supervisory Board and has been actively involved in the Company's development. Therefore, he has experience in the automotive industry and knowledge of the operation of public companies.

Information on the provision of permitted non-audit services by the Company's auditor and on whether the auditor's independence was verified in connection with such services and whether approval has been obtained for such services

In 2024, the audit firm auditing the financial statements did not provide any other non-audit services.

Key assumptions of the policy for selection of the auditor to audit financial statements and the policy for the provision of non-audit services by the auditor, its affiliates and members of its network

In 2024, the Company had a policy and procedure for selecting an entity qualified to audit the financial statements of Auto Partner S.A. The documents were adopted by the Audit Committee's Resolution No. 1 of 17 November 2022 and subsequently approved by Supervisory Board's Resolution No. 1 of 17 November 2022, and they were an amended version of the policy and procedure initially adopted by the Audit Committee in 2017. These documents set out the guidelines and principles to be followed by the Audit Committee when preparing the recommendation, and by the Supervisory Board when selecting the auditor. They take into account the requirements of the Act on Statutory Auditors and the nature, type and scope (including the geographical range) of the Auto Partner Group's business, and cover the following elements:

- knowledge of the industry and the nature of the Company's operations, including in particular legal and tax matters and financial reporting matters relevant to the assessment of risk in the audit of financial statements, based on the audit firm's experience in auditing the financial statements of entities with a similar business profile as the Company;
- experience of the audit firm in auditing financial statements of companies listed on the Warsaw Stock Exchange;
- capacity to provide the full range of services specified by the Company (audit of separate financial statements, audit of consolidated financial statements, interim reviews, etc.);
- the price level;
- the number of employees assigned to the audit and their professional qualifications and experience;
- possibility of performing the audit at the time specified by the Company;
- existing cooperation between the audit firm and the Company;
- the possibility of auditing Group companies operating outside Poland by companies of the audit firm’s network.

The policy also defines the periods of cooperation with audit firms and the course of the process, the organisation of which is the responsibility of the Company’s Chief Financial Officer.

The documents provide that if the selection does not concern an extension of the agreement to audit financial statements, the Audit Committee’s recommendation should contain at least two choices for the audit firm, together with a duly justified preference of the Audit Committee for one of them.

Section 19 of the Procedure introduces an emergency mechanism to be applied in the event of an unforeseen loss of qualification by the audit firm auditing the Company’s financial statements.

Moreover, in 2024, the Company had in place a policy for the provision of non-audit services by the auditor, its affiliates and members of its network, developed and adopted by the Audit Committee on 29 December 2017. In accordance with the key assumptions of this document, neither the auditor nor the audit firm carrying out the audit of financial statements, nor the audit firm’s affiliate or member of its network should provide, directly or indirectly, to the audited entity, its parent or entities it controls within the European Union, any prohibited services other than audit of financial statements or financial auditing activities. This prohibition does not apply to services specified in Art. 136.2 of the Act on Statutory Auditors, which can be provided only to the extent they are not related to Auto Partner S.A.'s tax policy and only following an assessment by the Audit Committee of threats and independence safeguards and approval by the Audit Committee. Any services provided by the auditor or its affiliates require a prior assessment of the risks and independence by the Audit Committee.

Recommendation on the selection of the audit firm to perform an audit

At its meeting of 11 April 2022, acting in accordance with the recommendation presented by the Audit Committee in Resolution No. 2 of 11 April 2022, the Supervisory Board passed a resolution to select PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., with its registered office at ul. Polna 11, 00-633 Warsaw, entered in the National Court Register maintained by the District Court for the Capital City of Warsaw, under No. KRS 0000750050, NIP (Tax Identification No.) 526-021-02-28, as an entity qualified to:

• Review of the condensed separate financial statements of Auto Partner S.A. for the first half of 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).

• Review of the condensed consolidated financial statements of the Auto Partner Group for the first half of 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).

• Audit of the separate financial statements of Auto Partner S.A. for 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).

• Audit of the consolidated financial statements of the Auto Partner Group for 2022, 2023, and 2024, prepared in accordance with International Financial Reporting Standards (IFRS).

The Audit Committee’s recommendation was prepared based on a selection procedure meeting all applicable criteria, and the selection of the audit firm was made in accordance with applicable laws and professional standards.

The agreement with the auditor was concluded on 5 May 2022 for a three-year period.

Number of Audit Committee meetings held to perform the Audit Committee duties
In 2024, there were four meetings of the Audit Committee of the Auto Partner S.A. Supervisory Board.

3.18.12. Diversity policy applied by the Company with respect to its governing bodies and key managers

The Company has not adopted a separate diversity policy and does not follow such policy with respect to its governing bodies and key managers. The decisive criterion for the selection of members of the Company's governing bodies and key managers is, first and foremost, appropriate qualifications and knowledge required to serve in a given position.

Respect for diversity and protection against discrimination are addressed in the Auto Partner S.A. Work Rules, in the Code of Ethics of the Auto Partner Group, and in the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying. In those documents, the employer has made a commitment to respect diversity, and in particular to ensure equal treatment of employees with regard to entering into and terminating employment relationships, terms of employment, promotion and access to training, regardless of sex, age, disability, race, religion, nationality, political beliefs, union membership, ethnic origin, creed, sexual orientation, and regardless of whether a given person is employed for a definite or indefinite term and on a full-time or part-time basis. This approach applies to all employees, regardless of their position, and it is prohibited to take decisions on those matters on the basis of non-substantive reasons. No discrimination is tolerated within the Auto Partner Group. The Group is open to diversity and views it as a material resource that contributes to its value growth. Additionally, the Code of Ethics and the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying establish mechanisms to be used in resolving doubts and reporting potential misconduct. The purpose of the regulations applicable at the Auto Partner Group is to protect the dignity and rights of employees and take appropriate measures against offenders.

Auto Partner S.A. believes that this solution is sufficient and effective. Although the Auto Partner Group is also active outside the Polish market, and employs many foreign nationals and thus makes up a multicultural organisation, no social problems related to nationality or ethnic origin were identified. The positive assessment of this aspect has been confirmed by inspections carried out by the National Labour Inspectorate (PIP), some of which took place last year.

3.18.13. Disclosure of expenditure on the promotion of culture, sport, charities and other institutions

The Company has in place official sponsorship and charitable giving rules, whereby no direct or indirect support for political organisations or public officials is permitted. No charitable activities may involve a beneficiary having a business relationship with the Company. Money can be donated exclusively by wire transfer to bank accounts of supported charitable organisations. In the Management Board’s opinion, in 2024 the sponsorship and charitable giving policy was implemented in a reasonable, transparent and consistent manner. The objectives selected in this area fit within the business profile of Auto Partner S.A. and have a positive impact on the environment, while building an image of Auto

Partner S.A. as a socially responsible company, which is also in line with the Auto Partner Code of Ethics and Auto Partner Anti-Corruption Code. The Auto Partner Group and its employees engage in social outreach initiatives in the region, being aware that the Company is a corporate citizen in the community in which it operates.
In 2024, the Company engaged in the following charitable activities:
• Fundraising at the Group head office and branches for the 32nd Finale of the Great Orchestra of Christmas Charity (WOŚP)
• In-kind donations for the Śląskie Hospicjum dla Dzieci Świetlikowo Foundation of Tychy
• Charitable collection for the survivors of a gas explosion in Tychy
• Support for activities aimed at combating animal homelessness
• 'Dog in the Office Day' organised at the head office and branches of Auto Partner S.A.
• Relief efforts for flood survivors in the Nysa and Kłodzko regions
• Charitable drive for families covered by the Szlachetna Paczka (Noble Gift) campaign organised by the Wiosna Association.

Established in 2023, the Auto Partner Foundation actively engages in efforts to achieve its objectives, including:
• providing social assistance
• charitable activities
• educational initiatives
• health protection and promotion of healthy lifestyles
• promotion of volunteerism
• environmental protection, animal welfare and preserving natural heritage
• cultural activities
• promotion of physical fitness and sports
• relief for survivors of natural disasters, armed conflicts, and wars in Poland and abroad
• public order and safety initiatives

In 2024, the Auto Partner Foundation provided relief to the survivors of a gas explosion in Tychy, made in-kind donations to the Ukraine-based Bratnie Serce Foundation, funded assistance for the people affected by floods in southern Poland, and was involved in providing support to families covered by the Szlachetna Paczka (Noble Gift) campaign organised by the Wiosna Association. The Foundation also sponsored the Polonia TychyWomen's Sports Club, purchased furniture for the Children and Families Support Centre in Czechowice-Dziedzice, and donated pet food to animal shelters.

Sponsorship activities
Auto Partner sponsored the TVN TURBO RALLY TEAM, featuring driver Łukasz Byśkiniewicz, supported Paweł Korpuliński, a drift driver and Polish Drift Champion 2023 & 2024, and contributed to the organisation of four SpeedGames events and Polish Drift Masters Championship in 2024, as well as charitable events such as Hockey with Stars in Tychy. It also continued its collaboration with automotive journalist Patryk Mikiciuk.

Total value of CSR donations: PLN 1,303,588.00
Total value of support provided in other forms, including sponsorship: PLN 1,255,689.80

The Company discloses all beneficiaries in an in-house register, which includes all donations made to charitable organisations.

In light of the established standards and policies, all sponsorship and charitable activities undertaken in 2024 were conducted in a rational, transparent, and consistent manner. The chosen objectives align with the business profile of Auto Partner S.A. and have a positive impact on the environment, contributing to building the image of Auto Partner S.A. as a socially responsible company.

4 SUSTAINABILITY REPORT OF THE AUTO PARTNER GROUP

Sustainability Report of the Auto Partner Group for 2024

TABLE OF CONTENTS

I. General information

ESRS 2 General disclosures

BP-1 General basis for preparation of sustainability statements

This Sustainability Report (hereinafter referred to as “this Report”) presents information on the Auto Partner Group, comprising Auto Partner S.A. and its subsidiaries. It has been prepared in accordance with Art. 14.5 of the Act of 17 December 2024 Amending the Accounting Act, the Act on Statutory Auditors, Audit Firms, and Public Oversight, and Certain Other Acts. This Report also includes disclosures pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. This is the first Sustainability Report of the Auto Partner Group that has been prepared in accordance with the European Sustainability Reporting Standards (ESRS), introduced by Commission Delegated Regulation (EU) 2023/2772. In prior years, the Group disclosed non-financial information in the form of ESG reports.

Unless otherwise indicated, the information, data, indicators, metrics and statements contained in this Report refer to the Auto Partner Group (hereinafter referred to as the “Auto Partner Group” or the “Group”). Where data was not available, estimates were applied. This Report covers sustainability-related information for the Auto Partner Group for the period from 1 January to 31 December 2024. The consolidation scope in this Report is the same as in the consolidated financial statements for 2024.

As at 31 December 2024, the Auto Partner Group comprised seven companies:

- Auto Partner S.A. of Bieruń – the Parent company, responsible for the vast majority of the Group’s operations and employment (it accounts for approximately 90% of the Group’s consolidated sales). In addition to three logistics hubs located in Poznań, Pruszków, and Bieruń, it operates more than 118 branches throughout Poland.
- AP Auto Partner RO s.r.l. of Bucharest, Romania – a wholly owned subsidiary of Auto Partner S.A. The company currently does not conduct operational activities.
- AP Auto Partner CZ s.r.o. of Prague, Czech Republic – a wholly owned subsidiary of Auto Partner S.A., engaged in the sale of automotive parts on the Czech market. Over 90% of its purchases are made with Auto Partner S.A. The company operates two branches in the Czech Republic.
- Auto Partner Česká republika s.r.o. of Ostrava, Czech Republic – a wholly owned subsidiary of Auto Partner S.A. The company did not carry out any operational activities in 2024.
- Auto Partner Deutschland GmbH in der Organisation (in formation) of Gelsenkirchen, Germany – a wholly owned subsidiary of Auto Partner S.A. The company did not carry out any operational activities in 2024.
- Maxgear Sp. z o.o. of Tychy – a wholly owned subsidiary of Auto Partner S.A. and the general partner of Maxgear Sp. z o.o. sp.k. The company itself does not carry out any operational activities.
- MaXgear sp. z o.o. sp. k. of Bieruń – a wholly owned subsidiary of Auto Partner S.A., engaged in importing automotive parts under its private-label brand. All products are resold to Auto Partner S.A.

This Report covers the Group’s own operations as well as its upstream and downstream value chain. Upstream and downstream value chain is reported on in accordance with the model presented in SBM-1 disclosure.

The Auto Partner Group has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation (see ESRS 1 section 7.7 *Classified and sensitive information and information on intellectual property, know-how or results of innovation*).

The Auto Partner Group has not used the exemption from disclosure provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

BP-2 Disclosures in relation to specific circumstances

The Auto Partner Group has not deviated from the time horizons defined by the ESRS.

The indicators presented in this Report regarding Scope 3 emissions partially incorporate information derived from indirect data sources, as detailed in disclosure E1-6.

Quantitative indicators for Scope 3 emissions, particularly in the upstream transport and purchase of goods and services categories, are subject to a high level of uncertainty due to the Group's inability to obtain complete data from logistics service providers and data on the emissions associated with goods and services purchased by the Group.

As this is the first Sustainability Report prepared by the Auto Partner Group in accordance with the ESRS, no changes in the basis of its preparation or in its preparation or presentation methods, or any prior-period errors are reported by the Group.

The Group does not disclose information in this Report based on other regulations or widely accepted interpretations and standards related to sustainability reporting.

Information on revenue is incorporated by reference to the Group's consolidated financial statements for 2024 in disclosures SBM-1, E1-5, and E1-6.

The Auto Partner Group has opted to omit disclosure of the anticipated financial effects related to identified impacts, risks, and opportunities.

GOV-1 The role of the administrative, management and supervisory bodies

Composition of the Supervisory Board of Auto Partner S.A. (as at 31 December 2024)

Jarosław Roman Plisz – Chair of the Supervisory Board

A graduate of the AGH University of Science and Technology in Kraków, Faculty of Electrotechnology, Automatics and Electrical Engineering.

Bogumił Jarosław Woźny – Vice-Chairman of the Supervisory Board

He graduated from the Silesian University of Technology in Gliwice, Faculty of Mining and Geology (majored in mine design and construction), with the degree of MSc in Engineering. He also completed postgraduate studies in Universal Banking Operations at the Karol Adamiecki University of Economics in Katowice. Since 2015, he has served as a member of the Supervisory Board of Auto Partner S.A.

Bogumił Kamiński – Member of the Supervisory Board

Professor of Social Sciences specialising in Economics, Finance, and Management. Since 2015, he has served as a member of the Supervisory Board of Auto Partner S.A.

Mateusz Melich – Member of the Supervisory Board

He graduated from the Warsaw School of Economics with a degree in Banking and Finance and also studied Economics at Ludwig-Maximilians-Universität in Munich.

Andrzej Urban – Member of the Supervisory Board

He graduated from the AGH University of Science and Technology in Kraków, Faculty of Materials Science and Ceramics, with an MSc in Engineering.

Number of women on the Supervisory Board: 0 (0%)

Number of men on the Supervisory Board: 5 (100%)

Number of independent members of the Supervisory Board: 4 (80%)

Members of the Supervisory Board meeting the independence criteria set out in the Code of Best Practice for WSE Listed Companies and the Company's Articles of Association are Bogumił Kamiński, Bogumił Woźny, Andrzej Urban, and Mateusz Melich.

The Supervisory Board has established an Audit Committee for the Auto Partner Group; however, as at the issue date of this Report, it had no responsibilities concerning material impacts, risks, or opportunities related to sustainability.

Management Board of Auto Partner S.A. (as at 31 December 2024)

Aleksander Górecki – President of the Management Board

Active in the automotive sector since 1993, the year he founded Auto Partner. He is the majority shareholder of Auto Partner S.A. Since the company's inception, he has been responsible for its growth and for managing relationships with key suppliers and business partners. He holds a Master's degree from the Maritime University in Gdynia.

Areas of responsibility:

- Development and evaluation of strategic objectives,
- Planning and execution of budgets and long-term plans,
- Development of investment plans,
- Coordination of all operational areas.

The remit of each member of the Management Board members is specified in the Supervisory Board Resolution on the division of responsibilities between members of the Company's Management Board.

Piotr Janta – Vice President of the Management Board

Joined Auto Partner in 2009 as Sales Director and since December 2015 has also served as a member of its Management Board. His remit covers the sales network development and marketing communication. He has been active in the automotive industry since 2005. He holds a Bachelor's degree in Information Technology and Econometrics (specialising in E-business) and a Master's degree in Finance and Accounting (specialising in IT in Finance), both from WSB University in Poznań. He also holds certification from the Development Partners Wrocław Sales Trainers Academy and from Thomas International in PPA tools.

Areas of responsibility:

- Market analysis and research,
- Development of marketing strategies and oversight of marketing activities,
- Commercial relations with key customers and acquisition of new accounts,
- HR policy for sales process management staff,
- Supervision of HR-related processes.

Andrzej Manowski – Vice President of the Management Board

With Auto Partner since 1994, serving as Vice President of its Management Board since 2007. Responsible for the company's geographical expansion, including export growth, he also oversees IT projects. He holds a Bachelor's degree in Management and Marketing (specialising in Marketing Management) and a Master's degree in Accounting and Computer Science from the College of Marketing Management and Foreign Languages in Katowice.

Areas of responsibility:

- Development and optimisation of the product offering,
- Supervision of operational, logistics and administrative activities relating to procurement, transport and warehousing,
- Commercial relations with key suppliers and acquisition of new suppliers,
- HR policy for logistics process management staff,
- Supervision of IT systems.

Tomasz Werbiński – Member of the Management Board

He holds a Master's degree from the Warsaw School of Economics, having completed full-time studies in Finance and Accounting (major in Investment Banking) and in Quantitative Methods in Economics and Information Systems (major in Decision Analysis Methods). He participated in the EU LLP Erasmus student exchange programme, studying at Johannes Gutenberg Universität Mainz (Germany), majoring in BWL (Betriebswirtschaftslehre). He holds a Securities Broker Licence with authorisation to provide investment advisory services (No. 2369).

Areas of responsibility:

- Analysis of the financial situation,
- Ongoing risk assessment and management related to the operations of Auto Partner S.A.,
- Preparing budgets and financial forecasts, and overseeing their implementation,
- Oversight of tasks related to accounting, finance, controlling, debt collection, regulatory compliance, and internal control within Auto Partner S.A.,
- Oversight of the preparation and implementation of internal procedures at Auto Partner S.A.,
- Relations with banks and other financial services institutions,
- Oversight of compliance with the Company's obligations as a publicly listed company,
- Corporate oversight of subsidiaries.

Number of women on the Management Board: 0 (0%)

Number of men on the Management Board: 4 (100%)

The members of the Management Board of Auto Partner S.A. were appointed by the Supervisory Board on 20 June 2020.

The Management Board has no representation of employees and other workers.

The Management Board and the Supervisory Board of Auto Partner S.A. continue to develop and enhance the sustainability skills necessary to enable the effective management of environmental, social and governance (ESG) matters in the long term.

Knowledge of members of the Management and Supervisory Boards in the area of sustainability

Members of the management and supervisory bodies of the Auto Partner Group possess fundamental knowledge in key ESG (Environmental, Social, Governance) areas, which they continuously expand through participation in dedicated workshops and training.

The Management Board of Auto Partner S.A. also collaborates with consultants from the advisory firm MATERIALITY, who provide ongoing access to essential knowledge, supporting the identification of ESG priority actions. Meetings with consultants are conducted in the form of interactive training sessions and workshops.

Relationship between the competencies of governing bodies and impacts, risks and opportunities

The Auto Partner Group is at the outset of its sustainability efforts. Through cooperation with external experts and the continuous development of sustainability-related knowledge, the members of the Management Board and Supervisory Board have gained a clearer understanding of the environmental, social, and corporate governance risks and opportunities that may affect the Group's operations.

The governing bodies of Auto Partner S.A. bear full responsibility for implementing actions and managing impacts related to sustainability. The Supervisory Board and Management Board have adequate expertise to effectively manage sustainability-related impacts and risks.

Risk management within the Auto Partner Group is currently decentralised and implemented across various areas of the Group's activities. The Group has introduced dedicated policies and procedures that ensure oversight of responsible business conduct and impose an obligation on Auto Partner S.A. and the other Group companies to comply with the rights and responsibilities set out therein. For a detailed description of the policies, see disclosure G1-1.

As at the issue date of this Report, the Auto Partner Group had no formal risk management system in place. Ongoing risk assessment and risk management are carried out by the Management Board of Auto Partner S.A., together with the Chief Financial Officer. The Management Board is also responsible for the monitoring and identification of relevant risks.

Enterprise risk management is supervised by the management boards of the respective companies within the Auto Partner Group. The key role within the Group's risk management framework is played by the Management Board of Auto Partner S.A., in particular Vice President of the Management Board – Chief Sales Officer, and Member of the Management Board – Chief Financial Officer, who oversee the management of sales risks and financial and credit risks, respectively. The persons appointed to these positions have the adequate knowledge of the Auto Partner Group and its environment as well as holding the requisite qualifications and authorisations.

The Group's internal regulations and ongoing initiatives (for details, see disclosure G1-1) continue to reduce the risk of non-compliance, corruption, and other forms of misconduct.

The Group intends to implement a formal risk management system in 2025.

The key channels of ESG-related communication to the Management Board and Supervisory Board of Auto Partner S.A. include:

1. Working meetings

As part of the ESG communication framework, meetings are held with the Management Board and Supervisory Board to discuss the most relevant aspects of sustainable development and their impact on the Group's operations. These sessions are complemented by expert presentations, which enable the Management Board and Supervisory Board to stay informed about regulatory developments in the area of sustainability and to take well-founded business decisions.

2. Training

Meetings are organised, including with third-party experts, which serve as a platform for sharing information on sustainability-related impacts, risk, and opportunities for the Auto Partner Group with the Management Board and Supervisory Board.

3. Stakeholder engagement meetings

Meetings with key stakeholders, such as investors and financial institutions, allow the Group to gather feedback on the effects of its measures addressing sustainability-related impacts, risks and opportunities and facilitate the exchange of knowledge and best practices in this area.

As at the issue date of this Report, the Auto Partner Group had not established a formal internal audit function relevant to ESG processes. The Group is considering the establishment of such a function in the future.

In 2023, an audit was conducted to verify the compliance of the current scope and nature of the Auto Partner Group's disclosures and documentation with the requirements of the CSRD Directive, in particular the ESRS standards. The audit was performed by external experts.

As at the issue date of this Report, the Auto Partner Group had no sustainability objectives.

ESRS G1 GOV-1

The management team – defined as the members of the Management Boards (management bodies) and the heads of organisational units within the companies comprising the Auto Partner Group – holds primary responsibility for ethical business conduct.

The Group's management team:

- promotes behaviour aligned with the values and standards of conduct defined in the Code of Ethics,
- complies with the provisions of the Code of Ethics in a manner that serves as a role model for other employees and associates,
- ensures that all employees are familiar with the Code of Ethics,
- responds to any indications of actual or potential incidents or behaviours that are inconsistent with the principles set forth in the Code of Ethics,
- treats all Group employees with respect and on equal footing, regardless of their position,
- engages in dialogue with employees to clarify issues and situations that may adversely affect the performance of duties, team relations, or interactions with external stakeholders,
- gives due consideration to employee concerns, ensuring appropriate reporting channels are in place in accordance with the Anti-Corruption Code,
- supports new hires and candidates by maintaining an open approach, sharing knowledge about the organisation, role-specific expectations, and requirements,
- conducts exit interviews with departing employees to foster a positive atmosphere during contract termination, to understand the reasons behind their departure, and to ensure the seamless handover of responsibilities.

The Group's management bodies are composed of individuals with higher education and extensive experience in business administration and management. Their knowledge of business conduct has been developed through their professional careers and enhanced by participation in relevant courses, training programmes, and workshops. Detailed information on the educational background of the members of the Management Board of Auto Partner S.A. is provided in disclosure ESRS 2 GOV-1.

The Supervisory Board of Auto Partner S.A. plays a key oversight role in ensuring the Group operates lawfully and in compliance with applicable regulations. Its core responsibilities include:

- reviewing the Group's annual financial statements,
- appointment and removal of Management Board members,
- determining the remuneration for Management Board members,
- consideration of and providing opinions on the Management Board's proposals on the allocation of profit or coverage of loss, and submission of such proposals to the General Meeting,
- approval of long-term business programmes and annual economic and financial business plans adopted by the Management Board,
- appointing an audit firm to review and audit the financial statements of Auto Partner S.A. and the consolidated financial statements of its Group, and appointing an audit firm to provide assurance or audit services with respect to sustainability reporting,
- granting consent to the establishment of or participation in another company or partnership, or to the disposal of their shares,
- granting consent to the acquisition or disposal of real estate, perpetual usufruct or interest in real estate,
- monitoring the Management Board's conduct in terms of its ethics and integrity.

The Supervisory Board consists of individuals with higher education and extensive experience in business administration, management, and corporate oversight. Their expertise in business conduct has been gained through their careers, which include service on management and supervisory boards of large enterprises. Further details regarding the educational background and professional experience of the members of the Supervisory Board of Auto Partner S.A. are provided in disclosure ESRS 2 GOV-1.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Supervisory Board of Auto Partner S.A. is updated on the progress of sustainability-related initiatives during meetings held at least once per quarter. In the event of urgent matters, extraordinary Supervisory Board meetings are convened. Information concerning material impacts and risks is provided by members of the Management Board as well as by directors responsible for relevant areas. As at the issue date of this Report, the Auto Partner Group had not identified any sustainability-related opportunities. Neither ESG impacts not ESG risks have been accounted for in the Group's business strategy or decision-making or transaction execution processes.

The Compliance Department of the Auto Partner Group and the staff responsible for ESG matters inform the Management Board of the progress of due diligence processes once per quarter. The Management Board, in turn, provides the Supervisory Board with information on these processes during its meetings.

As at the issue date of this Report, sustainability-related information was communicated verbally during regular meetings of the Supervisory Board. The Auto Partner Group is considering expanding the means of communication in the future.

Two members of the Management Board of Auto Partner S.A. participated in the update of the materiality assessment carried out in December 2024 and were also involved in identifying sustainability-related impacts and risks relevant to the Auto Partner Group These impacts and risks are discussed in disclosure ESRS SBM-3. Additionally, a member of the Management Board actively participated in the analysis of climate risks.

GOV-3 Integration of sustainability-related performance in incentive schemes

The remuneration policy and incentive system of the Auto Partner Group do not incorporate sustainability matters, including climate change factor, in determining the remuneration of members of the management and supervisory bodies. Performance is not evaluated against sustainability-related objectives and impacts. Sustainability-related performance indicators are not treated as performance benchmarks and are not considered within the remuneration policy.

GOV-4 Statement on due diligence

In 2024, the Auto Partner Group commenced formal work to implement a comprehensives sustainability-related due diligence process, compliant with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The due diligence steps undertaken by the Auto Partner Group to date, which are limited to disclosures required by specific ESRSs, are presented in the table below.

Table 4-1 Core elements of due diligence

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-2, SBM-1, SBM-3, S1-1, S2-1, G1-1
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2, IRO-1, S1-2, S2-2, S4-2, G1-2
Identifying and assessing adverse impacts	IRO-1, SBM-3
Taking actions to address those adverse impacts	E1-3, E5-2, S1-3, S1-4, S2-3, S2-4, S4-3, S4-4, G1-3
Tracking the effectiveness of these efforts and communicating	E1-6, E5-4, E5-5, S1-14, S1-17

GOV-5 Risk management and internal controls over sustainability reporting

Within the Auto Partner Group, the risk management and internal control processes related to the preparation of this Report are conducted using existing methods and procedures, which are primarily designed to supervise and control business and financial processes. These include:

- advanced accounting systems, business reporting tools, and document circulation systems,
- transparent financial procedures and compliance policies,
- clearly defined and transparent organisational structure,
- management oversight and regular evaluation of the Group's operations,
- verification of financial statements by an independent auditor.

The Auto Partner Group has not yet formalised an internal control process dedicated specifically to sustainability reporting.

Table I-2 Identified material risks and corresponding risk management measures:

Risk	Risk mitigation measures
Risk of non-compliance with minimum legal and regulatory requirements	- Monitoring regulatory changes - Collaboration with ESG experts - Conducting compliance audits - Training sessions on legal and regulatory requirements
Risk of incomplete or incorrect sustainability data disclosures	- Analysis of collected data - Collaboration with ESG experts - Independent auditor's assurance of sustainability reports starting from 2025
Risk related to the unavailability of value-chain data	- Collaboration with trading partners

SBM-1 Strategy, business model and value chain

Business model

The Auto Partner Group operates a business model focused on serving as a sales platform offering a wide assortment of automotive spare parts, while also acting as a logistics provider ensuring fast delivery of ordered parts directly to end-customers throughout Poland and selected countries in Central and Western Europe. The Group operates a well-developed logistics infrastructure consisting of warehouses and branches. Its IT infrastructure supports the provision of outsourced warehousing services for automotive spare parts, along with just-in-time delivery logistics for end-customers. It also enables a broad network of business relationships with product suppliers. The Auto Partner Group manages a wide-ranging product portfolio, including its high-margin proprietary brand MaXgear and its private labels Quaro and Rooks. The Group's end-customers primarily include automotive repair workshops and car parts retailers, with the vast majority of orders placed via electronic channels.

The Auto Partner Group employs an automotive parts distribution model built upon modern warehousing infrastructure, a network of 118 branches, and sophisticated IT systems. The Group manages warehouse space exceeding 200,000 m², storing over 15.5 million automotive parts, and ensures just-in-time deliveries up to five times daily. The Group places particular emphasis on the upskilling of its team of over 2,700 employees and building strong supplier relations to ensure operational continuity and secure deliveries.

The Auto Partner Group serves more than 30 international markets and distributes products from over 500 brands. These capabilities result in the ready availability of parts, high-quality customer service, and increased revenue generation, which translates into tangible benefits for customers, business partners, and investors. Through its distribution model, the Group maintains operational stability, underpinning its competitive advantage in the marketplace.

For more details on sustainability-related impacts, risks, and opportunities concerning the business model and value chain, refer to disclosure SBM-3.

Business strategy

Sustainability matters have not been integrated into the Auto Partner Group's business strategy.

Main products

The Auto Partner Group offers a wide range of automotive products tailored to customer needs.

Spare parts for passenger cars and light commercial vehicles

The Auto Partner Group provides a complete range of spare parts for passenger cars and light commercial vehicles, including:

- brake system components – brake discs, pads, drums, and master cylinders,
- suspension and steering system – including shock absorbers, control arms, and tie rods,
- driveline components – constant velocity joints, drive shafts, and clutches,
- electrical system and lighting – alternators, starters, spark plugs, and batteries,
- engine components and accessories – including timing parts, water pumps, and gaskets,
- filters – full range of air, oil, cabin, and fuel filters essential,
- cooling and air conditioning systems – comprehensive thermal management and climate control solutions.

Car accessories and workshop equipment

To provide a seamless customer experience, the Auto Partner Group offers a broad range of accessories, including wiper blades, seat covers, mats, workshop tools, and essential operating fluids such as screen wash and coolant. Each piece of equipment sold by the Auto Partner Group satisfies relevant quality and safety standards.

Automotive chemicals

The chemical product line includes engine oils, greases, and professional-grade cleaning and maintenance agents. The offering covers everyday automotive fluids as well as products for advanced vehicle care, including car care cosmetics, cleaners, and rust removers.

Motorcycle parts and accessories

The Auto Partner Group also supplies spare parts and accessories for motorcycles and scooters.

Private label brands

The Group's product portfolio includes private label brands, including:

- MaXgear (established in 2006), offering over 35,000 rotating SKUs and listed in the global TecDoc catalogue. MaXgear covers 11 core product categories: suspension and steering, driveline, engine, electrics, braking system, filters, AC system, cooling system, chemicals and cosmetics, and accessories.
- Quaro, a premium-grade brand. It specialises in braking components (brake discs and pads) and selected suspension and steering parts.
- Rooks – a premium-grade tool brand offering specialist tools made of alloy steel. Rooks products are dedicated to professionals in the automotive, general mechanical, and industrial equipment sectors.
- MaXserwis Programme – a network of independent repair workshops. The programme includes preferential pricing, leasing of tools and equipment, and access to technical training and industry conferences. At the end of 2024, the network under the MaXserwis and MaXserwis PREMIUM MOTUL brands comprised 559 members.

Diagnostic systems and specialist tools

To support business partners in providing vehicle servicing, the Auto Partner Group offers state-of-the-art diagnostic systems and devices enabling accurate fault detection and efficient repair.

Key customer groups

The key customer groups of the Auto Partner Group include:

1. **Repair workshops and mechanics**

The largest customer segment comprises car repair workshops, mechanics, and vehicle service centres – both independent and those affiliated with service networks. The Group supplies a comprehensive range of spare parts, tools, and workshop equipment required for the maintenance and repair of vehicles of various makes.

4. **Automotive parts retailers**

The Auto Partner Group supplies retail distributors selling automotive parts to individual customers. It collaborates with automotive parts stores throughout Poland, offering a broad product portfolio including spare parts, accessories, and vehicle fluids.

5. **Fleet operators**

The Auto Partner Group also works with fleet owners, including leasing, logistics, and transport companies, that require a steady supply of parts and fast service support.

6. **E-commerce and online platforms**

E-commerce and online platforms form a key component of the Auto Partner Group's business, particularly in light of the growing popularity of online purchasing.

7. **Workshop networks**

The Auto Partner Group is expanding its proprietary MaXserwis workshop network, offering participating workshops marketing support, technical training, and access to high-quality parts. Workshops joining the network seek benefits stemming from operating under a unified brand identity, which enhances their visibility and attracts more customers through the recognition and trust associated with collaborating with a large organisation.

A smaller customer segment also includes individual (retail) consumers.

Key markets

The Auto Partner Group operates both on the domestic and international markets. The Group continues to grow its export activities, supplying parts to foreign markets, particularly in Central and Eastern Europe as well as in selected Western European countries. International sales account for 50% of the total.

The Auto Partner Group operates using integrated IT tools to manage its entire supply chain and a robust logistics infrastructure, which includes:

- a logistics and distribution centre in Bieruń,
- a logistics and distribution centre in Pruszków,
- a logistics and distribution centre in Poznań,
- a warehouse in Mysłowice,
- 118 branches across Poland (as at 31 December 2024),
- 2 branches in Prague, Czech Republic.

The Auto Partner Group does not have a dedicated sustainability strategy nor has it incorporated ESG aspects into its business strategy.

However, certain elements of the Group's activities relate to sustainability, including:

Environmentally friendly products

The Group's product portfolio includes offerings that:

- are energy-efficient, for example Stabilus products – packaging solutions that save space,
- have extended service life, for example Meyle HD – a manufacturer that declares longer product lifespan compared to standard equivalents, Continental – provides a five-year warranty on its products,
- are manufactured using eco-friendly materials, for example Valeo – Canopy wiper blades made from a sustainable rubber blend, Osram – currently transitioning to eco-packaging for its products.

The Group also offers remanufactured and eco-friendly parts that help reduce negative environmental impact, including:

- remanufactured steering racks by Elstock and Lizarte,
- remanufactured brake calipers by Elstock, Bosch, and TRW,

- air conditioning compressors by Elstock,
- remanufactured alternators by Elstock,
- turbochargers by TMI and Remante,
- injectors by Remante and Bosch,
- dual-mass flywheels by Remante.

In addition, the Auto Partner Group requires workshops to return used components when purchasing remanufactured parts. The used part is then forwarded to the manufacturer for refurbishment.

Process optimisation and development of environmentally friendly technologies

The Group's activities include the optimisation of warehouse, logistics, and sales processes to minimise the use of natural resources and reduce waste generation. An example of such an initiative is the use of an automatic packing machine that minimises empty space in packaging.

As at 31 December 2024, the Auto Partner Group employed 2,782 people under employment contracts across Europe.

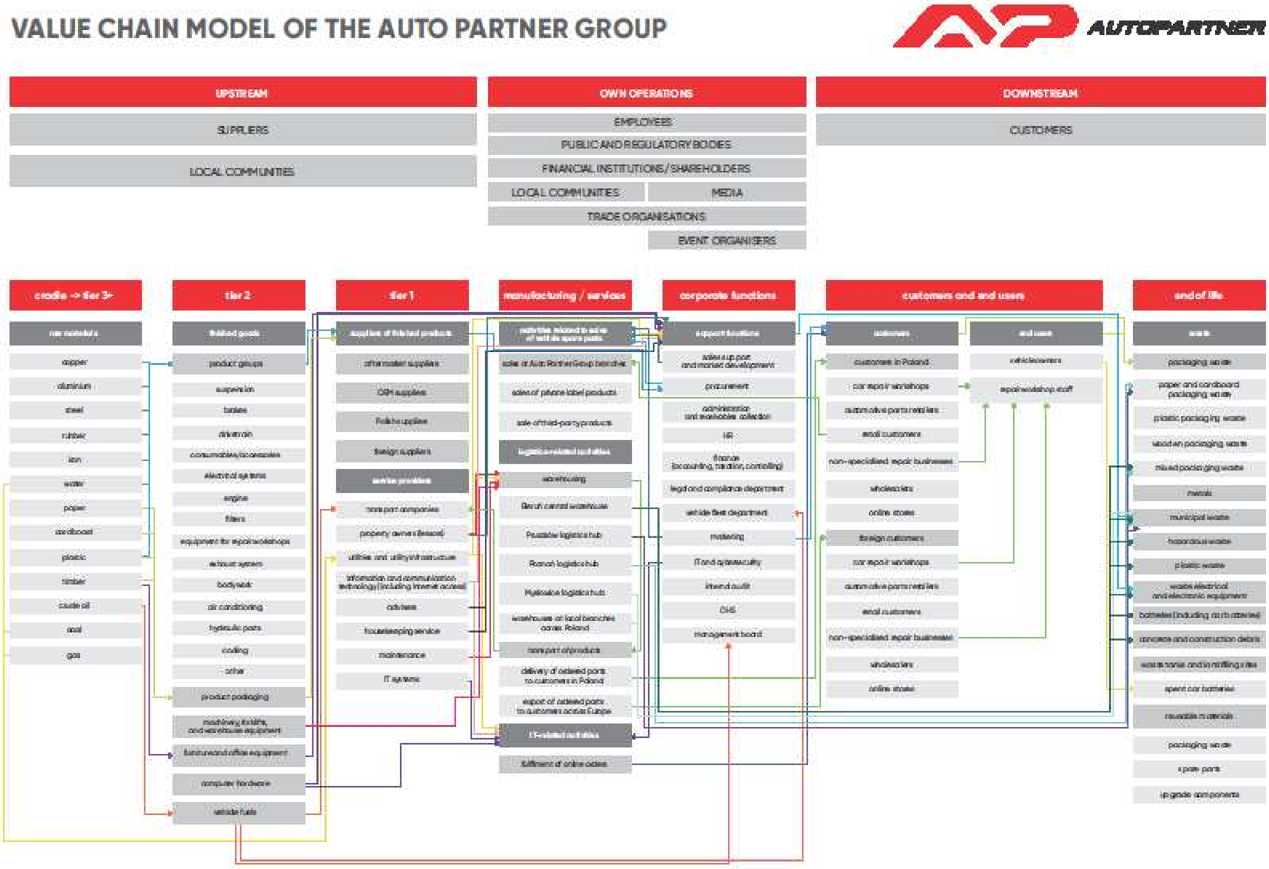
The Management Board of Auto Partner S.A., as the chief decision-maker, does not distinguish separate operating segments, as the Group's operations are fully focused on the sale of automotive spare parts and accessories. The Group presents revenue from customer contracts in note 3 to consolidated financial statements, broken down by geographic region: domestic sales, sales in European Union markets, and sales in markets outside the European Union. The Group does not have any key customers, as sales to any single customer do not exceed 10% of total revenue.

The Auto Partner Group is not active in the fossil fuel sector, chemicals production, controversial weapons production, or tobacco cultivation and production.

The Group has not set sustainability-related goals in terms of significant groups of products and services, customer categories, geographical areas or relationships with stakeholders.

The Group has not conducted an assessment of its current significant products or services, and significant markets and customer groups, in relation to its sustainability-related goals.

Value chain of Auto Partner S.A. as the key entity of the Auto Partner Group



Value chain overview

Upstream

Key direct suppliers and subcontractors of Auto Partner S.A. include:

- suppliers of new and remanufactured car parts and accessories – both domestic and international – including brands such as Bosch, Castrol, Continental, Febi, Textar, Valeo, MEYLE, ZF Aftermarket, and Schaeffler,
- transport service providers,
- property owners leasing office and warehouse space to Auto Partner S.A.,
- utility, network infrastructure, and telecommunications providers,
- business consultants,
- IT service providers.

Key resource inflows include purchased automotive spare parts, fuel for the company fleet, product packaging, office and warehouse equipment, and IT hardware.

Own operations

The core operations of Auto Partner S.A. include:

- import, sales, and distribution of spare parts for passenger cars, commercial vehicles, and motorcycles (including both private labels and third-party brands),

- storage of goods (in the central warehouse in Bieruń, logistics hubs in Pruszków and Poznań, the warehouse in Mysłowice, and regional warehouses across Poland),
- logistics support,
- fulfilment of online orders.

These operations are supported by dedicated support functions, including the administration, legal, finance, procurement, HR, health and safety, marketing, market development, fleet management departments, and the Management Board. Thanks to its extensive logistics and distribution network, the Auto Partner Group has the capacity to efficiently fulfil orders both across Poland and in foreign geographies. The Group holds over 10,000,000 spare parts in the central warehouse and more than 20,850,000 parts in warehouses across Poland, sourced from over 350 suppliers. This broad product range enables customers to choose solutions tailored to their specific needs. The Group's diversified supplier base and product portfolio enhance operational stability and resilience to external shocks – an important consideration for current and prospective investors.

Downstream

Key customer groups of Auto Partner S.A. include:

- car repair workshops,
- automotive parts retailers,
- wholesalers,
- non-specialised repair businesses,
- online stores.

Individual (retail) customers represent the smallest segment.

End-users of Auto Partner S.A. products include:

- vehicle owners,
- workshop technicians,
- individual (retail) customers.

Customers and end-users are located both in Poland and abroad.

The Auto Partner Group generates and introduces waste as part of its operations. Introduced waste includes packaging waste, in particular:

- paper and cardboard packaging waste,
- plastic waste,
- wood waste,
- mixed packaging waste.

Generated waste includes:

- metals,
- municipal waste,
- hazardous waste (used engine oils, etc.),
- plastic waste,
- waste electrical and electronic equipment,
- batteries,
- concrete and construction debris.

The Auto Partner Group does not participate in the collection of hazardous waste. Such waste is generated, for example, due to damaged packaging and is sorted and transferred for disposal. The

Group collaborates with a packaging recovery organisation. In addition to segregating waste at the head office, a reverse vending machine has been installed at the warehouse to encourage employees to recycle plastic, glass, and aluminium waste.

SBM-2 Interests and views of stakeholders

In 2022, Auto Partner S.A. conducted an initial internal identification of stakeholder groups. This served as the foundation for an in-depth analysis carried out in spring 2024 by an external advisor to the Auto Partner Group – an expert from the AGH University of Science and Technology in Kraków and the Institute of Accounting and Taxation. The analysis considered:

- engagement and responses from audiences to content published by the Group on social media,
- recipients of the Group's online communications,
- originators of messages directed to the Group,
- competitive benchmarking.

The results of the analysis were presented and updated during a meeting with the Management Board of Auto Partner S.A. on 17 April 2024. Based on these findings, the Group's stakeholder base was identified, followed by comprehensive strategic mapping conducted in spring 2024, which in turn became the foundation for further analysis.

The stakeholder mapping process at Auto Partner S.A. was conducted based on

- ESRS 1 section 3.1 *Stakeholders and their relevance to the materiality assessment process*, which outlines the core role of stakeholders in corporate sustainability practices,
- AA1000 Stakeholder Engagement Standard – 2015 Edition (AA1000 SES),
- Johnson & Scholes methodology for strategic and operational stakeholder mapping.

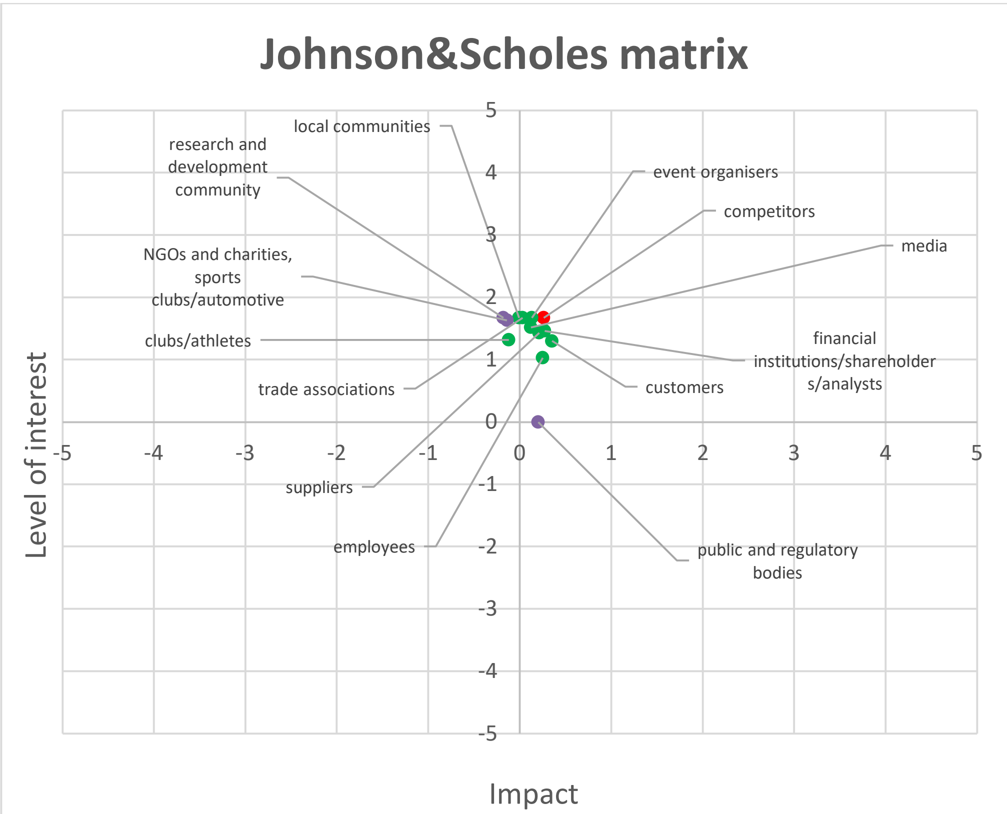


Figure 1. Auto Partner S.A. stakeholder map

The above stakeholder map includes all stakeholders identified for the parent company, Auto Partner S.A., which employs 99.2% of the Group's total workforce. Accordingly, the Group's key stakeholders are those situated in the matrix quadrant with both high impact and high interest.

These include:

- customers,
- suppliers,
- employees,
- financial institutions/shareholders/analysts,
- public and regulatory bodies,
- media,
- trade organisations,
- event organisers,
- local communities.

Following discussions between the lead analyst and Auto Partner Group representatives, competitors were not classified as key stakeholders and therefore did not participate in the stakeholder panel.

In June 2024, the Auto Partner Group conducted a key stakeholder dialogue to gather critical input on the Group's sustainability performance. A panel discussion involving approximately thirty key stakeholders was organised by the Group's external advisor and served as a starting point for the Group's further sustainability initiatives. Participants in the panel included representatives of local communities (Group employees residing locally), financial institutions/shareholders/analysts, suppliers, industry organisations, media, customers, and employees. Event organisers, as well as public and regulatory bodies, were also invited but could not participate. Stakeholder feedback on sustainability topics was communicated to the management and supervisory bodies during their respective meetings.

The Auto Partner Group has not yet made changes to its business model or strategy as a result of stakeholder input. However, the Group plans to develop a Sustainability Strategy in the future, which will incorporate stakeholder perspectives collected during the materiality assessment scheduled for 2025. Establishing such a strategy may increase stakeholder engagement across a broad spectrum.

The Auto Partner Group engages its stakeholders and collaborates with them through various channels and tools. The methods of stakeholder engagement, along with engagement objectives and outcomes, are presented in the table below.

Stakeholder group	Methods of engagement and collaboration	Objectives and consideration of outcomes
Customers	Ongoing support at branch locations, including product consultation, processing of complaints and returns	Improving customer service, direct interaction with customers
	Social media (Facebook, LinkedIn, Instagram, TikTok)	Sharing product updates and event information, interacting with the Auto Partner Group, building customer engagement
	Promotional programmes	Rewarding active, loyal, and long-standing customers
	Conferences and events (including: MaXserwis and AP Expert)	Presenting the latest trends in the automotive industry, networking with employees and representatives of the Auto Partner Group, knowledge sharing, and fostering relationships. In 2024, following each MaXserwis conference, the Group distributed a post-event survey asking for feedback on the event, activities, training sessions, and suggestions for improvement. This valuable feedback will be incorporated to enhance future conferences and align them with customer expectations
	Auto Panorama magazine	Customer education, strengthening engagement
	Technical and product training (in-person and online)	Education
	Text messages	Communicating product news and promotions (subject to prior marketing consent)
	Website: www.autopartner.com	Providing access to information about the Auto Partner Group and its product offering, policies, and terms, ensuring transparency
Suppliers	Direct contact (in person, by phone, and via email)	Ongoing communication
	Automotive industry conferences, meetings, and trade fairs	Direct interaction with suppliers, establishing new partnerships, maintaining strong business relationships
	Industry events (including: MaXserwis and AP Expert)	Sharing insights on current trends in the automotive industry, networking with Auto Partner Group representatives, strengthening cooperation with suppliers
	Social media (Facebook, LinkedIn, Instagram, TikTok)	Disseminating information about the Auto Partner Group, building engagement
	Website: www.autopartner.com	Access to cooperation information and contact form, availability of policies and terms, ensuring transparency in operations
	Intranet and Worksmile benefits platform	Regular communication, updates on Auto Partner Group initiatives
	Information posters, digital displays, scanners	Daily updates and announcements throughout the Group
	Email communication	Ongoing communication

Employees	Workshops and training programmes	Skills development, improved performance, stronger teamwork. Post-training surveys are conducted to assess content quality, trainer effectiveness, and organisational standards. Results are used to improve future training delivery
	Social media (Facebook, LinkedIn, Instagram, TikTok, YouTube)	Communication on events and news, interacting with the Auto Partner Group, building customer engagement
	HR support and HR Open Day	Channels for feedback, sharing views and suggestions, available via email or telephone, promoting employee relations and well-being
	Anonymous employee satisfaction surveys	The survey also covers work-life balance. Results are taken into account in human resource management at the Auto Partner Group
	Anti-mobbing procedure and Internal Whistleblowing Rules	Anonymous and secure reporting of violations and irregularities, protection of whistleblowers, fostering a better workplace environment
	Exit interviews	Collecting feedback on reasons for resignation, drawing conclusions for future improvements and workplace development. Survey results are considered in human resources management and the enhancement of the organisational culture at Auto Partner Group
Financial institutions/shareholders/analysts	Quarterly presentations of financial results	Ensuring transparency in operations
	Ongoing communication	Providing updates on material corporate events, financial results, development strategy, planned investments, and other matters that may affect investment decisions
	Direct meetings	Building relationships and fostering engagement
	Website: www.autopartner.com	Access to stock exchange information, shareholder structure, policies and procedures, investor materials, and contacts for investor relations officers
Public and regulatory institutions	Published information	Compliance with Polish and EU regulations, adherence to applicable norms and requirements
	Disclosures in current and periodic reports and Sustainability Reports	
Media	Social media (Facebook, LinkedIn, Instagram, TikTok)	Publicising Auto Partner Group's activities and operations, supporting the acquisition of new customers and business partners
	Point of contact for communication with the media	
	Conferences organised by the Auto Partner Group MaXserwis and AP Expert)	
	Industry events (including: MaXserwis and AP Expert)	
	Social media (Facebook, LinkedIn, Instagram, TikTok)	

Industry organisations	Membership in SDCM (Association of Automotive Parts Distributors and Manufacturers) and GlobalOne – an international purchasing group of leading aftermarket players	Strengthening Auto Partner Group's market position and brand recognition within the automotive industry
	Email and telephone contact	
Event organisers	Email and telephone contact	Ongoing communication
	Participation in automotive, sports, or charitable events	Engaging other stakeholders and supporting those in need
	Social media (Facebook, LinkedIn, Instagram, TikTok) and website www.autopartner.com	Sharing event highlights and photo galleries
Local communities	The Auto Partner Group does not directly engage with local communities.	

Communication with other stakeholders is conducted through information made available and regularly updated on the website www.autopartner.com, posts published on social media platforms, and disclosures in current and periodic reports, and in the Sustainability Reports.

ESRS S1 SBM-2

Employees of the Auto Partner Group have ongoing opportunities to communicate with the HR department and share feedback, suggestions, or ideas. This communication takes place in person, by email, or over the phone. Employee views are taken into account in the Group's human resources management processes.

In addition, an HR Open Day is held twice a month at the Group's head office in Bieruń, during which employees can meet in person with HR representatives to raise concerns, express opinions, or provide suggestions. The Group has also implemented exit interviews, conducted through short surveys or interviews with departing employees. These are used to collect feedback on the reasons for leaving, enabling the Group to draw conclusions and implement workplace improvements. The outcomes of these interviews and surveys are taken into account in managing the Group's human resources and contribute to the ongoing enhancement of its organisational culture.

The Auto Partner Group has held general elections among employees to appoint employee representatives. The employee representation system gives employees a voice in matters related to working conditions. The representatives act as intermediaries between employees and management, facilitating the resolution of issues and the communication of needs and suggestions. This approach fosters social dialogue and ensures employees have a platform for expressing their views. Employee representatives are in regular contact with the HR department, including through scheduled meetings. They are elected for an indefinite term, with new elections held in the event of resignation, termination of employment, or an increase in the number of representatives due to workforce expansion.

In 2024, the Auto Partner Group conducted employee satisfaction surveys. The results provided valuable insights for the HR department into employees' needs. Accordingly, the Group plans to increase the frequency of the surveys in the coming years and expand their scope to include specific topics such as employee health. Survey findings are shared with management to support the implementation of improvements across the Group.

The materiality assessment process included contributions from the heads of key departments including logistics, finance, HR, procurement, and marketing, as well as members of the Management Board and ESG personnel. They served as representatives of the employee stakeholder group.

ESRS S2 SBM-2

The views of value chain workers were not considered in the materiality assessment, as they were not identified as key stakeholders in the Auto Partner Group's stakeholder mapping process.

ESRS S4 SBM-2

Given the nature of its operations, the Auto Partner Group has a limited and non-material impact with regard to most matters concerning consumers and end-users. The Group sells its products directly to customers, which are predominantly repair workshops and automotive parts retailers. Individuals (retail customers), who are also consumers or end-users of the Group's products, constitute a small fraction of the Group's total customer base. Consumers and end-users of the Group's products are individuals – vehicle users – and, to a limited extent, repair workshop staff (as the Group also sells tools used in workshops, although this represents a small portion of total sales).

In the materiality assessment, the views of the Auto Partner Group's consumers and end-users were not taken into consideration, as they were not identified as key stakeholders in the stakeholder mapping process.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Impacts

The updated materiality assessment identified the following material sustainability-related impacts of the Auto Partner Group:

ESG matter	Impact	Positive/negative	Potential/actual	Time horizon	Value chain segment	Derives from business model and/or business strategy	Description of impact
E1 – Climate change							
Climate change mitigation	CO_2 emissions in the value chain resulting from product transport from Asia.	negative	actual	short + medium + long	upstream	business model	The Auto Partner Group imports its products (automotive parts) from Asia, among other continents. Long-distance (maritime) transport generates substantial CO_2 emissions, adversely affecting the environment and contributing to climate change.
Energy	Fossil fuel-based energy consumption in office buildings and distribution centres.	negative	actual	short + medium + long	own operations	business model	The Auto Partner Group primarily relies on non-renewable energy sources in its operations. As the Group rents its facilities, energy is largely sourced from fossil fuels, which results in CO_2 emissions and negative environmental impacts.
E5 – Circular economy							
Resource inflows, including resource use **Resource outflows related to products and**	Resource consumption by manufacturers of products purchased by Auto Partner Group.	negative	actual	short + medium + long	upstream + own operations + downstream	business model	Although the Auto Partner Group does not directly control the production processes of its suppliers, it may indirectly influence their resource consumption. The negative impact results from the fact that not all suppliers adopt sustainable practices, which may lead to excessive use of energy, raw materials, and water, as well as increased waste generation and higher greenhouse gas emissions.

services							
Waste	Waste minimisation and management.	positive	actual	short + medium + long	own operations + downstream	no	The Auto Partner Group processes, stores, and disposes of waste (including from packing machinery). At its head office, the Group uses a reverse vending machine (recyclomat) where employees deposit empty plastic and glass packaging and beverage cans. At the Bieruń site, the Group also uses a baler compactor to streamline waste collection and disposal. This equipment compresses recyclable materials – primarily paper and cardboard – The Group segregates and stores resource outflows. in line with regulatory requirements and best practices in resource management. It collaborates with external waste management providers. Additionally, the Group runs its own EKO Partner programme, supporting customers with waste collection and compliance with BDO (waste database) documentation. The EKO Partner programme covers the collection of used oil, oil and fuel filters, spent tyres, and batteries, while also relieving customers from the administrative burden of BDO registration, recordkeeping, and annual waste reporting.
S1 – Own workforce							
Secure employment	Job security through the use of employment contracts for the majority of employees (including warehouse staff) and providing additional welfare benefits to all employees.	positive	actual	medium + long	own operations	business model	The Auto Partner Group promotes job security by offering employment contracts to the majority of its workforce and providing additional welfare benefits to all staff. Only a small number of employees are hired under alternative forms of employment to align staffing levels with workload demands and avoid redundancies. The Group operates an Employee Social Benefits Fund (Zakładowy Fundusz Świadczeń Socjalnych – ZFŚS), which was established voluntarily, beyond the statutory requirements. The ZFŚS supports employees and their families by providing financial assistance during hardship, as well as offering housing-related loans. The Group also ensures employees have access to group life insurance, which enables them to become insured on more favourable policy terms compared to individual insurance. As further support, the Group provides employees with a wide range of additional non-pay perquisites.
Working time	Appropriate and convenient working hours for employees through the implementation of a six-shift system in distribution centres and flexible working hours.	positive	actual	short + medium	own operations	business model	The Auto Partner Group has a positive impact on employee work schedules through the introduction of a 6-shift system that optimises workforce utilisation. The 6-shift system is set out in the Work Rules. Its implementation in distribution centres is intended to enhance working comfort and employee efficiency. White-collar employees benefit from flexible working hours (the option to start work between 7am and 11am), allowing them to adapt their schedules to individual needs. The percentage of employees working under part-time employment contracts is 1%. In 2024, an employee satisfaction survey was conducted, which indicated that two-thirds of the surveyed employees were satisfied with their working time.

Adequate wages	Wide range of non-pay employee benefits	positive	actual	short + medium	own operations	business model	The Auto Partner Group offers a comprehensive package of non-pay employee benefits, which indirectly enhances the adequacy of wages. These benefits include: fitness membership cards, private healthcare insurance, health campaigns (e.g., annual flu vaccinations, blood work, etc.), an employee benefit-platform allowance for employees upon the birth of a child, a dedicated channel for allocating 1% tax contributions to employees and their families in need, discounts on automotive parts, and subsidised meals and English language courses.
Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Enabling employees to represent their interests through employee representatives.	positive	actual	short + medium	own operations	business model	Employees at the Auto Partner Group are able to represent their interests through representatives, elected in a general vote by all employees. The employee representation system gives employees a voice in matters related to working conditions. The representatives act as intermediaries between employees and management, facilitating the resolution of issues and the communication of needs and suggestions. Among others, employee representatives were involved in the process of introducing joint management of the Employee Social Benefits Fund (ZFŚS) budget

Work -life balance	Promoting employee well-being, health, engagement, and work-life balance.	positive	actual	short + medium	own operations	business model	The Auto Partner Group is committed to supporting the well-being and health of its employees by offering a comprehensive range of benefits, organising health-focused initiatives (e.g. “ActivDay”), promoting the welfare of employees’ families, and encouraging participation in social, sports, health, and charitable events and projects. Group employees also have the option of bringing their pets to work. Every year, the Group actively encourages employees to bring their pets to work as part of “Bring Your Dog to Work Day.” Also, the Group’s six-shift working system, which helps reduce overtime, and flexible working hours (i.e. the option to start work between 7am and 11am) further support employees in achieving a healthy work-life balance.
Health and safety	Accidents involving employees in distribution centres.	negative	actual	short + medium + long	own operations	business model	Due to the nature of the Group’s operations, a significant portion of the workforce is engaged in distribution centre activities. The work environment in distribution centres may give rise to accidents, particularly in areas involving the operation of warehouse equipment, manual handling of heavy goods, or work at height (mezzanine levels). Negative consequences include employee injuries and related absenteeism. While such risks are typical across the distribution sector, preventive measures – such as occupational health and safety training and equipment modernisation – help reduce both the likelihood and impact of such incidents. This is an ongoing area of impact, and the Auto Partner Group aims to minimise it through systematic incident monitoring, root cause analysis, and the implementation of improvements. Reducing the frequency of accidents contributes to increased employee satisfaction and improved safety standards. The Group remains committed to further investment in protective technologies and safety procedures to mitigate risks and enhance workplace safety.
Training and skills development	Continuous skills development under the AP Development University initiative.	positive	actual	short + medium + long	own operations	business model	The Auto Partner Group has launched the AP Development University initiative, aimed at enhancing soft skills through a workshop-based training model. The programme equips employees with knowledge and practical competencies in areas such as negotiation, sales techniques, interpersonal communication, time management, stress resilience, change management, and task delegation. This impact underscores the importance of investing in employee development as a key driver of competitive advantage.
Measures against violence and	Occasional cases of bullying and harassment among employees	negative	actual	short + medium	own operations	business model	The Auto Partner Group has reported occasional cases of workplace bullying or harassment.

harassment in the workplace							
Privacy	Potential breach of employee personal data protection.	negative	potential	short + medium	own operations	business model	The Auto Partner Group has access to employees' sensitive personal data, which could be unintentionally exposed or compromised as a result of a cyberattack.
S2 – Workers in the value chain							
Secure employment	Potential indirect impact on the working conditions of value chain workers due to cooperation with suppliers from countries that have not ratified key International Labour Organization conventions.	negative	potential	medium + long	upstream	business model	The Auto Partner Group works with a wide network of suppliers, including entities based in China, who may not consistently comply with international labour standards regarding safe working conditions, working hours, fair wages, occupational health and safety, gender equality, and equal pay. Potential labour violations in the Chinese region may stem from local regulatory frameworks and prevailing economic pressures.
Working time		negative	potential	medium + long	upstream	business model	
Adequate wages		negative	potential	medium + long	upstream	business model	
Health and safety		negative	potential	medium + long	upstream	business model	
Gender equality and equal pay for work of		negative	potential	medium + long	upstream	business model	

equal value							
Training and skills development	Development and upskilling of trade partners' and workshops' personnel through training delivered under the AP Training Academy.	positive	actual	short + medium + long	downstream	business model	The Auto Partner Group conducts both online and in-person training sessions for workshops under the AP Training Academy, in cooperation with suppliers. These initiatives enhance professional competencies and improve service quality within the value chain. Positive outcomes include increased employee qualifications and stronger supplier relationships across the domestic market and regions where workshops operate. The majority of online training sessions for the Group's partner workshops are provided free of charge.
Measures against violence and harassment in the workplace	Preventing violence and harassment of supplier and subcontractor employees.	negative	potential	medium + long	upstream	business model	The Auto Partner Group works with a wide network of suppliers, including entities based in China, who may potentially fail to implement safeguards against workplace violence and harassment affecting their employees.
Diversity	Ensuring equal employment opportunities for supplier and subcontractor employees.	negative	potential	medium + long	upstream	business model	The Auto Partner Group works with a wide network of suppliers, including entities based in China, who may not guarantee equal opportunities in employment for their workforce.
Child labour	Potential indirect impact on other labour rights of value chain workers due to cooperation with	negative	potential	medium + long	upstream	business model	The Auto Partner Group collaborates with a number of suppliers, including entities based in China, where the risk of child labour or forced labour is elevated.

Forced labour	suppliers from countries that have not ratified key International Labour Organization conventions (China).					business model	
S4 – Consumers and end-users							
Health and safety	Potential health risks during product use by automotive workshop employees and individual customers.	negative	potential	short + medium	downstream	no	Improper use or installation of Group products by retail customers, as well as the use of faulty tools by repair workshop employees, may pose health risks to these individuals.
G1 – Business conduct							
Corporate culture	Strengthening the corporate culture.	positive	actual	short + medium + long	own operations	business model	The Auto Partner Group has implemented a Code of Ethics that outlines its core values as well as its mission and vision. The Code is communicated to all employees and guides the Group's business conduct. All new hires are introduced to the Code of Ethics during onboarding. These practices positively contribute to fostering a strong corporate culture.
Protection of whistleblowers	Safe and anonymous reporting of violations.	positive	actual	short + medium	own operations	no	The Auto Partner Group adopted its internal Whistleblowing Rules a year earlier than legally required. Violation may be reported by both employees and external parties. A dedicated whistleblower protection procedure is in place at the Group.
Political engagement and lobbying	Influencing automotive sector legislation.	positive and negative	actual	medium + long	upstream + own operations + downstream	business strategy	The Auto Partner Group is a member of the Association of Automotive Parts Distributors and Manufacturers (SDCM) and contributes membership fees to support industry-related lobbying efforts. Through its affiliation with European organisations CLEPA and FIGIEFA, SDCM plays an active role in shaping legislative decisions. Positive impact: participation in shaping legal frameworks for the automotive industry. Negative impact: supporting regulation of an industry that emits greenhouse gases and contributes to climate change.

activities							
Management of relationships with suppliers including payment practices	Ensuring payments to suppliers within periods shorter than those required by law.	positive	potential	medium + long	upstream	business strategy	The Auto Partner Group makes every effort to ensure that suppliers receive payments earlier than the invoice due dates.
Prevention and detection of corruption and bribery, including training	Preventing corruption incidents among employees working with suppliers and customers.	negative	potential	short + medium + long	upstream + own operations + downstream	no	Auto Partner Group employees may be exposed to corrupt practices initiated by suppliers or customers. The risk of corruption among employees involved in supplier and customer interactions arises from the potential for unethical conduct during these engagements. Although the Group has implemented anti-corruption policies, incidents may still occur – particularly in regions with less stringent legal frameworks or in situations where oversight is limited. Such incidents may involve unethical practices such as bribery or non-transparent procurement procedures during cooperation with suppliers or customers. This impact is associated with the Group's operations and business relationships. While the Auto Partner Group takes active measures to mitigate such risks, the possibility of occurrence cannot be entirely eliminated.

Incidents							

Risks and opportunities

In this Report, the Auto Partner Group has used the option to omit disclosure of the anticipated financial effects of material risks on its financial position and cash flows, including monetary estimates, pursuant to the exemption available for the first three years of sustainability reporting.

The Auto Partner Group plans to establish a formal system for risk identification and risk management in 2025.

Due to the absence of comparative data from the previous year, the Group has not reported changes in identified risks.

1. Risk of legislative changes affecting the Auto Market Group's market

Changes in the laws and regulations, including in particular changes in labour law and social security regulations or regulations relating directly or indirectly to the automotive industry, may have a material adverse effect on the Group's operations, and thus increase operating costs or reduce profitability.

Furthermore, enactment of any new laws that are open to conflicting interpretations may give rise to uncertainty as to the actual legal situation and its consequences, which in turn may entail temporary suspension of the Auto Partner Group's business growth or investments because of concerns about the possible adverse consequences of applying the ambiguous regulations (such as financial losses or even criminal sanctions for actions or omissions made under applicable laws which are then construed by courts or public administration authorities to the prejudice of the Group).

The above matters may result in a deterioration in the Group's financial performance and profitability of its business, as well as deterioration of its growth prospects.

The Group continuously monitors developments in national and European Union legislation. The HR Manager of Auto Partner S.A. remains informed of changes in labour regulations, while the Management Board monitors legislative developments relevant to the automotive industry. In connection with the transposition of the CSRD Directive into national legislation, the Group engaged the advisory firm MATERIALITY to support its readiness for sustainability reporting and the preparation of its Sustainability Report. Through these preventive measures, the Auto Partner Group aims to minimise the risk of non-compliance with legal obligations.

2. Risks related to climate change

Based on a dedicated climate risk analysis, the following material climate-related risks have been identified:

1) Physical risks

   Risks that may lead to significant exposure:

   a. Changes in temperatures (air temperature, freshwater temperature, seawater temperature)
   b. Heat waves
   c. Intense precipitation events (rain, hail, snow/ice)
   d. Flooding (coastal, riverine, pluvial, groundwater-related)

   Risks that the Group is monitoring and for which remedial actions may be considered:

   a. Heat stress
   b. Variability in precipitation patterns
   c. Storms

2) Transition risks:

   a. Uncertainty regarding European Union regulations – Plans by the European Union to phase out registrations of vehicles with internal combustion engines by 2035 have been announced well ahead of their entry into force. The Group will adjust its product offerings to accommodate these anticipated regulatory changes.

b. Replacement of existing products and services with lower-emission alternatives – The automotive industry is gradually shifting away from traditional combustion-engine vehicles toward electric and hybrid vehicles, and in the longer term, hydrogen-powered vehicles. The Group actively adjusts its product portfolio to these market shifts.
c. Changes in customer behaviour – Changing consumer preferences may lead to a shift from vehicles powered by high-emission fuels toward electric and hydrogen vehicles; however, this is not expected to have a significant adverse impact on the Group. A potential reduction in vehicle ownership, particularly in urban areas, could slightly negatively affect the demand for automotive spare parts. Nevertheless, this effect is anticipated to be balanced by changing consumer patterns, as customers increasingly favour repairing existing vehicles over replacement.

3. Risk of loss of key personnel and inability to hire qualified workforce

Loss of key personnel, including in particular the executive staff and members of senior and medium-level management, may have a material adverse effect on the Auto Partner Group's operations. The management staff and other employees belonging to the group of key specialists contribute significantly to the Group's market success. There can be no assurance that it will be possible to retain all persons of key importance to the Group's growth or to hire equally efficient specialists in their place.

In addition, given the Auto Partner Group's development plans, including the increase in the number of branches, the Group will have to hire new employees/associates with high qualifications in specific competence areas (sales, branch management, etc.). Any difficulties in this respect, or hiring employees whose qualifications prove worse than expected, may delay the expansion process or may cause the business development process to bring less significant results.

The Group offers attractive remuneration, which contributes to strong interest in its job offers. Additional motivational and retention initiatives include a comprehensive benefits package, such as private healthcare for employees and their families, subsidies for fitness memberships, team-building events, subsidised meals, discounts on automotive parts, and financial support for English language lessons.

4. Risk related to IT systems

The Auto Partner Group's operations are heavily reliant on the efficient operation of its IT infrastructure. System failures could limit sales or, in extreme cases, halt operations – particularly in the Group's digitalised distribution hubs – negatively impacting financial performance.

Cybersecurity threats, including phishing, spoofing, or other hacking activities, may compromise system integrity and result in data breaches, including the exposure of employees' personal data, with potential legal and reputational consequences.

The Group has implemented robust IT security measures, including multi-layered protections, threat detection systems, and continuous monitoring of network and server infrastructure. These efforts are overseen by an internal IT department, which implements corrective measures on an ongoing basis. In 2024, an online cybersecurity training session was conducted to increase employee awareness of potential threats and best practices for prevention. The programme will be further developed and expanded on a regular basis to enhance employees' understanding of cybersecurity risks.

5. Risk related to fire hazards at Group locations

The Auto Partner Group has identified the risk of fire outbreaks at its sites.

The Group has implemented a comprehensive set of fire protection measures, including smoke detection systems, automated fire suppression systems, and evacuation procedures. Warehouses undergo regular safety inspections, and employees receive training in fire response and evacuation procedures. Additional preventive measures include the proper storage of flammable materials, designated storage zones, and real-time monitoring systems. These safeguards enable the early detection of potential threats and prompt response, effectively minimising the risk of property damage and ensuring the safety and health of employees.

The only risk that materialised in 2024 was the flooding of the Kłodzko branch. The financial impact of this incident amounted to approximately PLN 2 million.

All losses incurred were covered by insurance.

As at the issue date of this Report, the Auto Partner Group had not identified any sustainability-related opportunities.

Resilience of the strategy and business model with regard to material impacts, risks, and opportunities

The material impacts and risks identified for the Auto Partner Group are primarily related to its strategic activities or arise directly from its business model. Individual impacts and risks are managed by designated area owners, including the HR Manager, Compliance Officer, Chief Financial Officer, and Management Board members. The implementation of various policies and procedures (such as the Code of Ethics, Anti-Corruption Code, Whistleblowing Rules, Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying, and Supplier Code of Conduct), along with their monitoring and enforcement measures and associated training programmes, enhances the Group's resilience against negative impacts and risks, while reinforcing its capacity to capitalise on positive impacts. Additionally, maintaining a register of reported incidents and ensuring the effective operation of the compliance function further supports the Group's resilience to identified impacts and risks. The Group intends to regularly monitor these identified impacts and risks (and, in the future, identify sustainability-related opportunities) and integrate them appropriately into strategic decision-making processes. These measures are necessary to secure the Group's stability and competitiveness in the years to come.

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

Materiality assessment

The materiality assessment conducted by the Auto Partner Group was based on the double materiality principle, encompassing the assessment of the Group's and its value chain's material impacts on people and the environment, as well as the financial materiality of the impacts of people and the environment on the Group. The methodology applied followed the guidance set out in the sustainability reporting framework, primarily in ESRS 1 and Annex I thereto, introduced by Commission Delegated Regulation (EU) 2023/2772 of 22 December 2023, as corrected on 18 April 2024. In line with this legislation, the double materiality assessment was carried out with the participation of key stakeholders and key managers of the Auto Partner Group, ensuring the consideration of both external and internal perspectives.

The external dimension of the double materiality assessment was implemented through a stakeholder dialogue panel and a quantitative survey among the Group's key stakeholders, conducted between May and June 2024. The process was overseen by an expert from the AGH University of Science and Technology in Kraków and the Institute of Accounting and Taxation. The key components of the assessment included:

- a dialogue meeting with key stakeholders of the Group, held on 12 June 2024,

- a dialogue meeting with the Group's managers, held on 19 June 2024,
- quantitative survey conducted from 12 to 22 June 2024, based on the above meetings, among key stakeholders and managers of the Group.

As part of the survey, the types and nature of materiality of specific sustainability topics and sub-topics were assessed, considering both the Group's own operations and its value chain.

The materiality assessment process identified material impacts of the Group on sustainability matters.

In assessing the type of impact, both actual and potential impacts were analysed. The nature of the impact of each sustainability topic was also assessed and classified as either positive or negative. This supported subsequent sustainability-related initiatives within the Auto Partner Group.

Based on the classification of type and nature, the materiality level of each topic was determined. For actual negative impacts, materiality was assessed based on the severity of the impact. For potential negative impacts, materiality was based on both severity and likelihood. Severity was determined based on scale, scope, and the irremediable character of the impact. In the case of potential negative impacts on human rights, severity took precedence over likelihood. For positive impacts, materiality was assessed using scale and scope in the case of actual impacts, and scale, scope, and likelihood for potential ones.

Financial materiality was assessed by identifying information considered material in making decisions relating to providing resources to the undertaking. In particular, information is considered financially material for users if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement.

A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the Group's own operations or its value chain and is likely to have a material influence on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. The financial effect assessment was based on estimates provided by Auto Partner Group managers overseeing key processes, including the Vice President of Auto Partner S.A. responsible for Finance, who participated in the meeting held on 19 June 2024. In accordance with ESRS 1 subsections 3.2–3.5, five financial thresholds were used to determine financial materiality. The financial materiality value was calculated as the product of the estimated financial effect (as determined by the managers) and the average score of the effect over time (long-term perspective).

The list of sustainability-related topics and subtopics analysed was derived from ESRS 1 AR 16. In line with the 3x3x3 method of the CSRD Directive, stakeholders were also invited to suggest other matters they considered material to the Auto Partner Group during the stakeholder discussion panel.

Thirty representatives from six key stakeholder groups of the Auto Partner Group participated in the dialogue meeting. Thirteen stakeholders participated in the quantitative survey. The dialogue with the Group's managers included directors from the logistics, finance, human resources, procurement, marketing and other departments, as well as members of the Management Board and ESG personnel.

The outcome of these efforts was a list of material sustainability matters. Following a preliminary audit of the materiality assessment by the statutory auditor (in August 2024) and consultations with external experts from the advisory firm MATERIALITY (in September–October 2024), the Management Board of Auto Partner S.A. and the dedicated ESG working group unanimously determined that the materiality assessment required an update. In December 2024, a series of meetings was held between the Management Board of Auto Partner S.A., the working group, and advisors from MATERIALITY, during which each matter under the ESRS was reassessed for its materiality to the Auto Partner Group, including the related positive and negative impacts generated by the Group in each area. Apart from the expertise of the participants, data sources considered during the analysis included information regarding business operations, business relationships, geographical areas, and other factors increasing the likelihood of impacts.. The value chain served as a basis for analysing the Group's actual and potential impacts, including an assessment of the Group's suppliers (which included contractors and business partners), product and service offerings, organisational structure, customers, end-users of the Group's products and services, as well as product end-of-life and waste management practices. For the purposes of discussing impacts, the following materiality parameters were applied: magnitude of impact, scale of impact, irreversibility of impact (together comprising the severity of impact), and the likelihood of impact. Each parameter was analysed using a scale from 0 to 5:

Magnitude of impact: 5 – very strong, 4 – strong, 3 – moderate, 2 – weak, 1- minimal, 0 – no impact

Scale of impact: 5 – global/total, 4 – wide, 3 – medium, 2 – concentrated/local, 1 – limited, 0 – no impact

Irreversibility of impact: 5 – impact impossible to reverse, 4 – impact significantly irreversible, 3 – impact difficult to reverse; reversing the impact is very costly or time-consuming, 2 – impact reversible with appropriate investment and sufficient time, 1 – impact reversible in the short term at relatively low cost, 0 – impact easily reversible

Likelihood of impact: 5 – present, 4 – probable, 3 – possible, 2 – unlikely, 1 – remote, 0 – impossible

The updated materiality assessment was formally adopted by resolution of the Management Board of Auto Partner S.A.

The Auto Partner Group does not currently prioritise sustainability-related risks and does not conduct formal risk assessments.

Decision-making processes related to the materiality assessment were not linked to internal audit procedures, as the Group does not have an internal audit function in place.

The materiality assessment has not yet been incorporated into the Group's overall risk management framework, as the Auto Partner Group:

(I) does not currently operate a formal risk management system and intends to implement one in 2025,
(II) plans to repeat the materiality assessment in line with the European Sustainability Reporting Standards in 2025.

The Group conducted its first materiality assessment in 2024.

ESRS E1 – Climate change

The Auto Partner Group analysed climate risks in accordance with climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC): SPP (Shared Socioeconomic Pathways) and RCP (Representative Concentration Pathways). The purpose of the analysis was to identify material climate-related risks, categorised into physical and transition risks. The analysis covered our own operations as well as upstream and downstream segments of the value chain.

The analysis included an assessment of the exposure of Auto Partner Group's infrastructure and operations to potential climate-related risks. The Auto Partner Group operates approximately 120 sites in Poland and two in the Czech Republic. A significant proportion of these locations are subsidiary offices with associated warehousing facilities. In addition, the Group maintains three logistics and distribution centres located in Bieruń, Pruszków, and Poznań, as well as a facility in Mysłowice.

Analysis of physical risks

Physical risks were analysed taking into account the classification of climate-related hazards in accordance with ESRS E1 AR11. d).

The analysis was conducted using data obtained from the KLIMADA 2.0 platform, following the methodology set out in the 'Guide on Climate Proofing for Investment Preparation in the EU Programming Period 2021–2027'.

In the first stage of the analysis, risks with a very low probability of occurring at the Auto Partner Group locations were excluded. These are:

- permafrost thawing
- wildfire
- ocean acidification
- saline intrusion
- sea level rise
- glacial lake outburst flood
- coastal erosion
- soil degradation
- solifluction
- avalanche.

In the next step, a preliminary selection of risks was carried out, identifying those that could adversely affect the assessed facilities. The preliminary analysis identified the following physical risks, the occurrence of which (in extreme scenarios) could adversely affect elements of the assessed facilities:

1) **Variability in precipitation patterns and hydrological conditions** (including torrential rainfall) – may result in overloading of drainage systems, deterioration of building façades, vehicle damage in car parks (hailstorms), and degradation of materials stored outdoors.

2) **Flooding** – may adversely affect the technical condition of building foundations, façade components, internal road surfaces, and supporting infrastructure, posing a risk to building integrity and the operation of wastewater drainage systems.

3) **Storm events associated with intense rainfall, snowfall or hail, severe wind gusts, and lightning strikes** – such events may result in the overloading of drainage systems, contamination of internal road surfaces, blockage of drainage channels due to accumulated debris, damage to landscaping around the facility, damage to façade components and roofings, disruptions to power supply, and Disruption to telecommunications infrastructure.

4) **Heatwaves and cold spells** – may adversely affect indoor working conditions, increase heating and cooling system loads, and accelerate the degradation of construction materials exposed to prolonged high or low temperatures and UV radiation.

5) **Drought and soil erosion associated with water scarcity** – impacts include deterioration in vegetation quality, while prolonged drought conditions causing reductions in river water levels could disrupt power plant operations due to restricted availability of cooling water, potentially resulting in interruptions to electricity supply.

In the next step, applying the principle that climate risk vulnerability assessments should be proportionate to the scale of operations and the expected lifespan of a given activity, a separate resilience analysis was conducted for:

- branches, and
- logistics and distribution centres.

The Auto Partner Group branches are office facilities with small warehouses, the significant majority of which are located in urban areas. Given that these facilities have similar surface areas and carry out the same type of activity, a decision was made to analyse climate-related risks at the national level.

The source of data on climate-related events that may occur under various climate scenarios is the Klimada2[1] platform.

The analysis was conducted using the Interactive Portal, applying the worst-case climate scenario (RCP8.5)[2] for Poland. The analysis considered the likelihood of specific climate-related events occurring, including: the number of hot days, the number of frost days, the number of freeze-thaw days, the average proportion of strong and very strong winds (10–30 m/s), the number of days with snow cover, total monthly precipitation, and precipitation intensity index. The flood risk was analysed using the flood risk map available via Hydroportal.

A separate analysis was conducted for logistics and distribution centre facilities, drawing on adaptation plans developed by local authorities for the municipalities in which these centres are located.

Subsequently, the probability of each risk occurring was assessed using the following scale:

0 – the risk does not occur at the locations of the assessed facilities

1 – low probability of occurrence

2 – medium probability of occurrence

3 – high probability of occurrence.

The severity of impacts was also assessed by analysing the consequences, applying the following scale:

1 – Insignificant: Minimal impact, manageable with standard mitigation measures

2 – Moderate: Serious events requiring additional actions, resulting in moderate impacts (e.g. flooding at a branch causing several days' disruption to operations).

3 – Catastrophic: Severe events potentially leading to operational shutdown or asset write-off, causing significant damage and extensive, long-term impacts (e.g. flooding leading to the destruction of a logistics and distribution centre).

The significance level of potential risks was determined by combining the probability and severity factors using a risk matrix.

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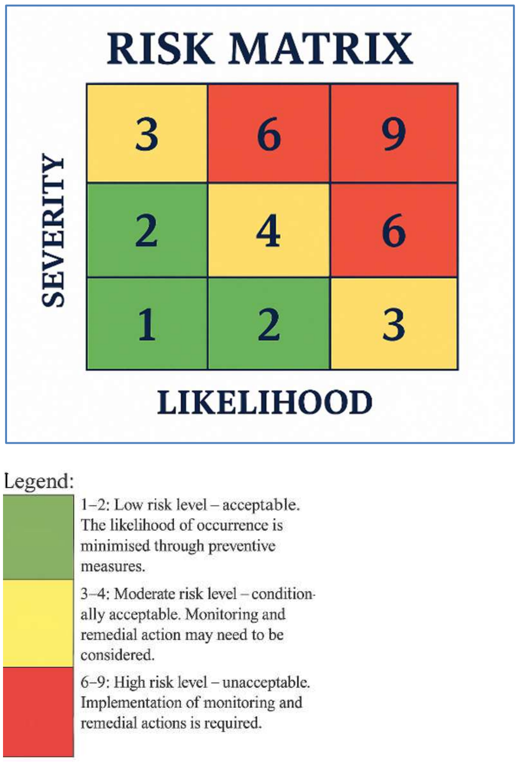
[1] The Klimada2 platform was developed through a project implemented by the Institute of Environmental Protection – National Research Institute, entitled 'The knowledge base on climate change and adapting to climate change impacts, together with knowledge dissemination channels, to strengthen economic, environmental and societal resilience as well as to support management of extraordinary risks associated with climate change,' co-financed by the European Union. The project unertook a range of activities primarily aimed at providing essential knowledge about climate change and assessing its impacts, to enhance the effectiveness and efficiency of adaptation measures in climate-sensitive sectors.

[2] As clarified by the European Commission in the Commission Notice of 20 October 2023 C/2023/267 *on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objectives* (Question 168), it is not necessary to use all four IPCC scenarios. However, in accordance with the precautionary principle, the RCP 8.5 scenario (representing a low mitigation level) should always be applied.



Analysis of transition risks

The transition risk analysis encompassed climate-related transition events across four categories: legal, technological, market, and reputational. Identified risks were assessed within three time horizons: short (1 year), medium (2–5 years), and long (beyond 5 years). The likelihood of each risk occurring was evaluated in the context of an ambitious decarbonisation scenario (<2°C) (SSP1-RCP2.6), which targets limiting the global temperature increase to 1.5°C above pre-industrial levels by 2100. Risks were classified as political and legal, technological, market, and reputational, and were assessed based on their likelihood and the scale of impact. The materiality of each risk was subsequently determined using a risk matrix, consistent with the methodology applied to physical risks.

Material physical and transition risks are listed and described in disclosure ESRS 2 SBM-3.

IRO-1 ESRS E2 – Pollution

The Pollution topic was assessed with respect to impacts, risks, and opportunities. The assessment considered the pollution-related matters outlined in Table AR 16 of ESRS 1 and Table AR 4 of ESRS E2:

- Pollution of air
- Pollution of water
- Pollution of soil
- Pollution of living organisms and food resources
- Substances of concern
- Substances of very high concern
- Microplastics

An internal team of specialists, supported by external sustainability experts, conducted a review of the Group's operations to identify impacts, risks, and opportunities related to air, water and soil pollution. A review of the Auto Partner Group's facilities confirmed that they do not generate pollution. The Group operates as a distribution platform for automotive spare parts and accessories and does not engage in manufacturing activities. Its facilities are comprised primarily of distribution centres, offices, and branch locations. With respect to customers and end-users, the potential for pollution related to part replacement activities was examined. The Auto Partner Group makes every effort to ensure that supplied parts are accompanied by appropriate usage instructions and provides product training to workshop personnel. The Group also analysed its value chain and product portfolio. The analysis confirmed that all products offered by the Auto Partner Group are approved for sale within the European Union. Accordingly, where products contain substances of concern or substances of very high concern, their concentration levels comply with applicable standards and are properly labelled in line with regulatory requirements.

IRO-1 ESRS E3 – Water and marine resources

The topic of Water and Marine Resources was assessed with respect to impacts, risks, and opportunities. The assessment considered the relevant matters outlined in Table AR 16 of ESRS 1 and Table AR 4 of ESRS E3:

- Water consumption
- Water withdrawals
- Water discharges
- Water discharges in the oceans
- Extraction and use of marine resources

An internal team of specialists, supported by external sustainability experts, conducted a review of the Group's operations to identify impacts, risks, and opportunities related to water and marine resources.

With regard to the Group's own operations, it was determined that water is used solely for domestic (sanitary and drinking) purposes. As the Group does not carry out any manufacturing operations, it does not record water consumption or engage in activities that affect aquatic ecosystems.

A dependency on water resources was identified in the Group's value chain, as parts manufactured outside the EU are frequently transported by sea via container vessels. However, the Group does not consider this to be a material risk, as it mitigates potential disruption through supplier diversification and maintaining appropriate inventory levels.

IRO-1 ESRS E4 – Biodiversity and ecosystems

The topic of Biodiversity and Ecosystems was assessed with respect to impacts, risks, and opportunities. The assessment considered the relevant matters outlined in Table AR 16 of ESRS 1 and Table AR 4 of ESRS E4:

- Direct impact drivers of biodiversity loss
    - Climate change
    - Land-use change, freshwater-use change, and sea-use change
    - Direct exploitation

    - Invasive alien species
    - Pollution
    - Other
- Impacts on the state of species
    - Species population size
    - Species global extinction risk
- Impacts on the extent and condition of ecosystems
    - Land degradation
    - Desertification
    - Soil sealing
- Impacts and dependencies on ecosystem services

An internal team of specialists, supported by external sustainability experts, conducted a review of the Group's operations to identify impacts, risks, and opportunities related to biodiversity and ecosystems. The review of the Group's own operations and its value chain did not identify any material impacts, risks, or opportunities in this area. The Group does not operate in locations situated in or adjacent to protected natural areas such as Natura 2000 sites. Based on the team's expertise and professional judgment, it was concluded that the activities of the Group and its suppliers and customers do not give rise to material impacts and dependencies on biodiversity or ecosystems.

IRO-1 ESRS E5 Resource use and circular economy

The Auto Partner Group conducted a review of its resources and operations to identify actual circular economy-related impacts, in a process further detailed in disclosure ESRS 2 SBM-3, which also outlines the Group's approach to risks and opportunities.

The review included an assessment of resource consumption levels, identification of waste sources arising from operational processes, an assessment of the implementation of waste reduction measures and of the use of more environmentally sustainable technological solutions (including support for customers under the EKO Partner programme). The scope of the assessment included political and legal risks, technological risks, market-related risks, and reputational risks.

The assessment identified material impacts (as outlined in SBM-3) and confirmed the absence of material risks and opportunities related to resource use and circular economy. It was determined that material impacts are associated with the Group's distribution centres and branch network. The material resource inflows are products for resale. Resource utilisation is concentrated upstream, at the level of part manufacturers whose components are distributed by the Group.

As a distributor rather than a manufacturer, the Auto Partner Group has not identified material impacts, risks, or opportunities associated with resource use and the circular economy that would require consultation with affected communities.

IRO-1 ESRS G1 Business conduct

The topic of Business Conduct was assessed with respect to impacts, risks, and opportunities. The assessment considered the relevant matters outlined in Table AR 16 of ESRS 1:

- Corporate culture

- Protection of whistleblowers
- Animal welfare
- Political engagement and lobbying activities
- Management of relationships with suppliers including payment practices
- Corruption and bribery
    - Prevention and detection including training
    - Incidents

An internal team of specialists, supported by external sustainability experts, conducted a review of the Group's operations to identify impacts, risks, and opportunities related to business conduct. The assessment considered the Group's business profile, industry sector, and geographic locations. The assessment identified the material impacts outlined in the table below.

As part of the assessment process, the Auto Partner Group also identified an entity-specific risk related to IT systems. The Auto Partner Group's operations are heavily reliant on the efficient operation of its IT infrastructure. System failures could limit sales or, in extreme cases, halt operations – particularly in the Group's digitalised distribution hubs – negatively impacting financial performance. Cybersecurity threats, including phishing, spoofing, or other hacking activities, may compromise system integrity and result in data breaches, including the exposure of employees' and customers' personal data, with potential legal and reputational consequences.

Criteria applied in the process for identifying impacts related to business conduct:

1. Size and structure – the Auto Partner Group comprises seven companies, three logistics and distribution hubs, a central warehouse, 118 branches across Poland, and two branches in the Czech Republic. The Group employs over 2,700 people.

Locations of the Group's companies, branches and warehouses – three companies operate in Poland, two in the Czech Republic, one in Romania and one in Germany. Branches and warehouses are located throughout Poland, with two branches operating in the Czech Republic.

Industry sectors – the Group's core sector of activity is the wholesale of automotive parts and accessories.

Scale, complexity and nature of operations and business activities – the Group operates on a large scale, working with over 350 suppliers, serving 30 countries and managing a stock of 20.8 million parts across Poland. Its operations focus primarily on purchasing automotive parts from suppliers, warehousing them, and distributing them to customers in Poland and abroad.

Current and potential business partners – the Group's key current partners include suppliers, logistics companies, automotive repair shops and car parts retailers. Potential partners include new suppliers and prospective customers.

Transaction structure – transactions within the Group occur between suppliers (sellers) and the Group (buyer), and between the Group (seller) and its customers.

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements

Disclosure number	Disclosure title	Page in the Report
ESRS 2 General disclosures		

S1-14	Health and safety metrics	146
S1-15	Work-life balance metrics	147
S1-17	Incidents, complaints and severe human rights impacts	147
ESRS S2 – Workers in the value chain		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	148
S2-1	Policies related to value chain workers	149
S2-2	Processes for engaging with value chain workers about impacts	150
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	150
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	151
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	152
ESRS S4 – Consumers and end-users		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	153
S4-1	Policies related to consumers and end-users	154
S4-2	Processes for engaging with consumers and end-users about impacts	154
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	155
S4-4	Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	155
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	156
ESRS G1 – Business conduct		
G1-1	Business conduct policies and corporate culture	157
G1-3	Prevention and detection of corruption and bribery	163
G1-4	Incidents of corruption or bribery	164
G1-5	Political influence and lobbying activities	164
G1-6	Payment practices	165

Table 4-3: List of datapoints in cross-cutting and topical standards that derive from other EU legislation:

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	Climate Law reference	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		64
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		64
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				69

ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table	Regulation (EU) No 575/2013, Article 449a; commission Implementing Regulation (EU) 2022/2453(6), Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		73
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		73
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818(7), Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II		73
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II		73
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	122
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		122
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Indicators of potential climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		122

ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				126
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				123
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex 1				123
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		123
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table	Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Indicators of potential climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		124
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	126
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		126

ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, points 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			126
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Regulation (EU) No 575/2013, Article 449a; point 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Loans collateralised by immovable property - Energy efficiency of the collateral			126
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities			Delegated Regulation (EU) 2020/1818, Annex II		126
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not relevant
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not relevant
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not relevant
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not relevant
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not relevant
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not relevant
ESRS 2 SBM 3-E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not relevant

ESRS 2 SBM 3-E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not relevant
ESRS 2 SBM 3-E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not relevant
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not relevant
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not relevant
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not relevant
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				129
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				129
ESRS 2 SBM-3-S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				132
ESRS 2 SBM-3-S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				132
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				133
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		133
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				133
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				136
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				138

ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		146
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				146
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not relevant
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Not relevant
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				147
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art. 12 (1)		147
ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				148
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				149
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				149
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art. 12 (1)		149

ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		149
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				151
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not relevant
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art. 12 (1)		Not relevant
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not relevant
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				154
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art. 12 (1)		154
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				155
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				157
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				157

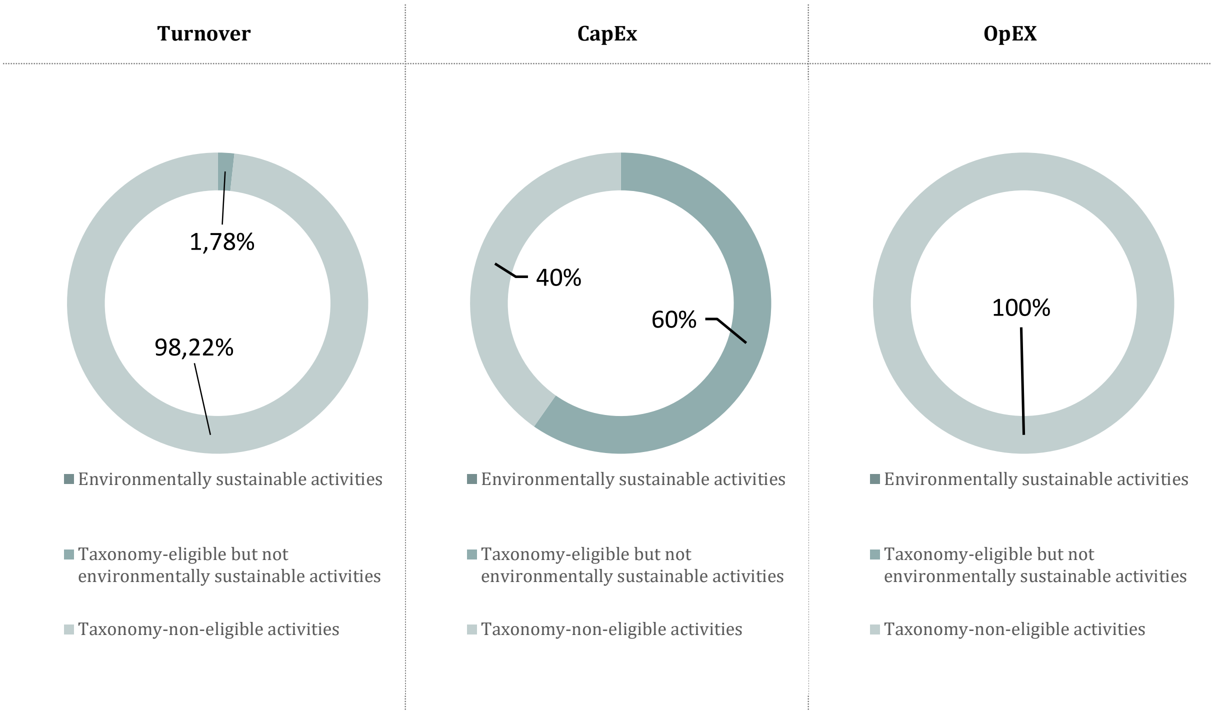
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		164
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				164

II. Environment

EU Taxonomy

Taxonomy alignment of the Auto Partner Group's activities

Our assessment has identified the following proportion of Taxonomy-aligned turnover, capital expenditure (CapEx), and operating expenditure (OpEx).



The assessment of Taxonomy alignment of the Auto Partner Group's activities has shown that:

- Sustainable activities of the Group in 2024 accounted for: 0% of its turnover, 0% of its capital expenditure, and 0% of its operating expenditure.
- Taxonomy-eligible but not Taxonomy-aligned (not environmentally sustainable) activities in 2024 accounted for: 2% of the Group's turnover, 60% of its capital expenditure and 0% of its operating expenditure.
- Taxonomy-non-eligible economic activities in 2024 accounted for: 98% of the Group's turnover, 40% of its capital expenditure and 100% of its operating expenditure.

	Turnover	CapEx	OpEX
Value in 2024 (PLN thousand)	4,112,497	106,768	22,395
Environmentally sustainable activities (Taxonomy-aligned)	0%	0%	0%
Not environmentally sustainable activities (Taxonomy-eligible but not Taxonomy-aligned)	2%	60%	0%
Neutral activities (Taxonomy-non-eligible)	98%	40%	100%

The Group's revenue is, for the most part, not eligible under the EU Taxonomy, as the European Union has not issued guidance for recognising revenue related to the Auto Partner Group's principal business – namely, the sale of automotive parts – as Taxonomy-eligible. The Group's CapEx includes primarily expenditures associated with the leasing of office and warehouse space occupied by the Group.

Taxonomy alignment assessment process

In order to ensure compliance with this framework, a four-stage process was carried out:

1. Identification

   This stage involved a comprehensive review of all activities conducted by Auto Partner S.A. and its subsidiaries to determine whether, and if so, which types of activities are Taxonomy-eligible. The review covered the Group companies' revenue, capital expenditure, and operating expenditure. To identify the different types of activities, we relied on descriptions found in the annexes to Commission Delegated Regulations (EU) 2021/2139 and 2023/2486, which were then compared against the actual activities conducted by the Group. Where the description of an activity was not clear, the NACE classification system was additionally used for reference.[3]

2. Allocation

   This stage consisted in allocating the appropriate amounts of turnover, capital expenditure and operating expenditure to the activities identified in the previous stage. For details of the allocation methods used, refer to the 'Accounting policies' section.

3. Verification

   This stage was dedicated to performing two distinct assessments:

- All the identified types of activities were examined to determine whether they met the Technical Screening Criteria for substantial contribution and DNSH, as set out in the relevant annexes to Commission Delegated Regulation (EU) 2021/2139 and 2023/2486. For details of the assessment, refer to the 'Verification of compliance with Technical Screening Criteria' section.
- Compliance with the Minimum Safeguards was assessed. For details of the assessment, refer to the 'Minimum Safeguards' section.

4. Calculation

   This stage involved using the results of the two previous stages to compile tables with the required disclosures and to formulate the complementary disclosures in accordance with the requirements of Annexes I and II to Commission Delegated Regulations (EU) 2021/2178 and 2023/2486.

Taxonomy alignment was assessed by a team consisting of representatives from Auto Partner Group companies, who were supported by an external consulting firm.

Minimum Safeguards

Pursuant to Article 18 of Regulation 2020/852:

*"The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the **OECD Guidelines for Multinational Enterprises** and the **UN Guiding Principles on Business and Human Rights**, including the principles and rights set out in the **eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work** and the **International Bill of Human Rights**."*

3 Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

The review of compliance with the Minimum Safeguards was conducted in accordance with the recommendations set out in the ‘Final Report on Minimum Safeguards’ [4]issued by the Platform on Sustainable Finance. As per the recommendations, non-compliance with the Minimum Safeguards can arise from one of four scenarios:

1. Inadequate or non-existent corporate due diligence processes on human rights, including labour rights, bribery, taxation, and fair competition.
2. Final liability of the company in respect for breaches of labour or human rights laws in certain types of labour or human rights legal cases.
3. Lack of collaboration with an OECD National Contact Point (OECD NCP) on a report received by the OECD NCP.
4. Failure to respond to allegations from the Business and Human Rights Resource Centre (BHRRC) within three months.

The Auto Partner Group assessed whether these scenarios were not met through the following process:

- **Scenario 1:** The adequacy of corporate due diligence processes on human rights was evaluated based on an assessment of compliance with the requirements stemming from the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The assessment confirmed that due diligence processes were in place and operational within the organisation, ensuring compliance with the Minimum Safeguards.

Due diligence stage	Approach taken
Embedding due diligence in the governance system and policies	Core tenets of the due diligence framework are established through provisions of the Auto Partner Group’s Code of Ethics. The Code sets out core commitments and rules of conduct. It addresses topics covered in the OECD Guidelines for Multinational Enterprises. Further information on the Code is presented in disclosures S1-1 and G1-1. Key operational aspects of due diligence are managed through dedicated policies, including in particular: • Supplier Code of Conduct – applicable in relations with business partners, implemented to safeguard the rights of value chain workers (described in disclosures S2-1 and G1-1) - Anti-Corruption Code (described in disclosure G1-1)
Identifying and assessing negative impacts and risks in own operations and value chain	The Auto Partner Group is actively developing a system for risk identification and management. As at the issue date of this Report, no material risks related to human rights violations were identified through the ongoing processes of risk management system development. For details regarding risk identification and management, identification of impacts, and the list of risks and impacts, refer to disclosures GOV-5, IRO-1 and SBM-3. The Auto Partner Group has deployed mechanisms enabling a wide range of stakeholders to report violations or concerns. These are described across several disclosures, particularly: G1-1, S1-3, S2-3, S4-3.
Eliminating, preventing and mitigating negative impacts, and managing risks	
Tracking effectiveness	Responsibility for sustainability matters, including due diligence oversight, has been assigned to the Management Board level. Details on tracking the effectiveness of sustainability actions are presented in disclosure GOV-2.
Communication	For information on actions taken, and on policies and procedures implemented, see this Report.
Remediation	The Auto Partner Group’s policies include commitments to remedy any harm caused. During the reporting period, no actual negative impacts triggering negative consequences for the Group’s stakeholders were identified.

- **Scenario 2:** Scenario 2 was assessed by reviewing whether any individuals mentioned in that scenario had been subject to final convictions during the period concerned. The review concluded that there was no information to suggest that the Group met Scenario 2.

[4] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

- **Scenario 3:** A check against the OECD NCP notification database confirmed that no reports were filed against the Group in the period under review [http://mneguidelines.oecd.org/database/].
- **Scenario 4:** A check against the Business and Human Rights Resource Centre (BHRRC) notification database confirmed that no reports were filed against the Group in the period under review. [https://www.business-humanrights.org/en/companies].

The assessment process found that the Auto Partner Group's activities were compliant with the Minimum Safeguards.

Verification of compliance with the Technical Screening Criteria

The verification of compliance with the Technical Screening Criteria was conducted for all Taxonomy-eligible economic activities and involved analysing the substantial contribution and do no significant harm criteria, and assessing the extent to which each activity met the Technical Screening Criteria set out in Commission Delegated Regulation (EU) 2021/2139 and 2023/2486.

Accounting policies

The following policies were applied to calculate the proportion of Taxonomy-eligible and Taxonomy-aligned turnover, CapEx and OpEx.

Turnover

For turnover calculations, the denominator comprised the Auto Partner Group's consolidated revenue for 2024, as disclosed in Note 3 'Revenue from contracts with customers' of the consolidated financial statements. The numerator comprised revenue derived from Taxonomy-eligible, Taxonomy-aligned activities.

Capital expenditure (CapEx)

For CapEx calculations, the denominator comprised capital expenditures (i.e. increases in property, plant and equipment and intangible assets, excluding assets under construction and intangible assets under development in 2024, before depreciation, amortisation, impairment, and any remeasurement), primarily related to the expansion of the distribution network. CapEx is disclosed in Note 12 'Property, plant and equipment' and Note 13 'Intangible assets' of the consolidated financial statements. The numerator comprised the portion of CapEx associated with Taxonomy-eligible, Taxonomy-aligned activities.

Operating expenditure (OpEx)

For OpEx calculations, the denominator comprised all expenditures related to the ongoing maintenance and operational readiness of the Group's assets. They included costs of technical maintenance, installation, repairs, security, short-term rental and leases, and other expenses required to maintain the buildings, equipment, and vehicles used by the Group in good working order.

The data used for the calculations was sourced from the Auto Partner Group's financial accounting system and financial accounting systems of the Group companies.

To avoid double counting when allocating turnover and capital expenditure, appropriate consolidation eliminations were applied in accordance with the relevant accounting regulations. In the case of operating expenditure, which is defined under Commission Delegated Regulation (EU) 2021/2178 in a manner that does not reference international financial reporting standards, all accounts within the Group's accounting system were reviewed.

The disclosure covers the last financial year, from 1 January to 31 December 2024.

During the analysis, no activities contributing to more than one environmental objective were identified. Consequently, no special procedures to avoid double counting were needed.

The verification of compliance with the Technical Screening Criteria was conducted for all Taxonomy-eligible economic activities and involved an assessment against substantial contribution and do no significant harm criteria.

The assessment identified no need for detailed disaggregation of key performance indicators among the Group's operating units in accordance with section 1.2.2.3 of Annex I to Commission Delegated Regulation (EU) 2021/2178. Further details are provided in the commentary to each of the key performance indicators.

The Group does not hold any 'CapEx plans' as referred to in points 1.1.2.2(b) and 1.1.3.2 of Annex I to Commission Delegated Regulation (EU) 2021/2178.

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Since the Auto Partner Group conducts no activities listed in the table above, this Report does not include tables accompanying the disclosure of key performance indicators for activities 4.26–4.31, as specified in Article 8(6)–(8) of Regulation (EU) 2021/2178, because all values would be zero.

Turnover

Table 1: Proportion of Taxonomy-aligned turnover

Financial year 2024	Year			Substantial contribution criteria						DNSH ('do no significant harm') criteria									
Economic activities	Code	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned turnover, 2023	Category Enabling activity	Category Transitional activity
		PLN million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
Of which enabling				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
Of which transitional				0.00%													0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
		PLN million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Sale of second-hand goods	CE5.4	73,015	1.78%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								1.73%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		73,015	1.78%	0.00%	0.00%	0.00%	1.78%	0.00%	0.00%								1.73%		

Total (A.1.+A.2.)		73,015	1.78%	0.00%	0.00%	0.00%	1.78%	0.00%	0.00%		1.73%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Turnover of Taxonomy-non-eligible activities (B)		4,039,483	98.22%									
Total (A+B)		4,112,497	100.0%									

In 2024, the Auto Partner Group generated revenue amounting to PLN 4,112,497 thousand. The vast majority of this amount – PLN 4,039,483 thousand – was derived from the sale of automotive parts, which constitutes a Taxonomy-non-eligible activity. The remaining portion of the revenue was attributable to Taxonomy-eligible but not Taxonomy-aligned activities.

- Revenue from activity 5.4 – Sale of second-hand goods amounted to PLN 73,015 thousand, representing 2% of total turnover.

In respect of the above activity, it was confirmed that the substantial contribution criteria for the environmental objective of transitioning to a circular economy were complied with, while the do no significant harm (DNSH) criteria for the remaining environmental objectives were not met. Consequently, the turnover associated with this activity was classified as Taxonomy-eligible but not Taxonomy-aligned.

Capital expenditure (CapEx)

Table 2: Proportion of Taxonomy-aligned CapEx

Table 2: Proportion of Taxonomy-aligned CapEx

Financial year 2024	Year			Substantial contribution criteria						DNSH ('do no significant harm') criteria									
Economic activities	Code	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned CapEx, 2023	Category Enabling activity	Category Transitional activity
		PLN million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
Of which enabling				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
Of which transitional				0.00%													0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
		PLN million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Installation, maintenance and repair of renewable energy technologies	CCM7.6	0,049	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Transport by motorbikes, passenger	CCM6.5	3,088	2.89%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.21%		

cars and light commercial vehicles												
Installation, maintenance and repair of energy efficiency equipment	CCM7.3	3.490	3.27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.39%	
Acquisition and ownership of buildings	CCM7.7	57,154	53.53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		52.00%	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		33,650	59.74%	30.93%	0.00%	0.00%	0.00%	0.00%	0.00%		55.60%	
Total (A.1.+A.2.)		63,781	59.74%	30.93%	0.00%	0.00%	0.00%	0.00%	0.00%		55.60%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
CapEx of Taxonomy-non-eligible activities (B)		42,987	40.26%									
Total (A+B)		106,768	100.00%									

In 2024, capital expenditure of the Auto Partner Group totalled PLN 106,768 thousand. Close to 60% of this expenditure was associated with Taxonomy-eligible but not Taxonomy-aligned activities, including the following items (listed in descending order of their proportion of the total capital expenditure):

- Capital expenditure associated with activity 7.7 Acquisition and ownership of buildings amounted to PLN 57,154 thousand (54% of the total capital expenditure). This expenditure, incurred mainly at the parent Auto Partner S.A., related primarily to the purchase of new branches and expansion of the existing ones.
- Capital expenditure associated with activity 7.3 Installation, maintenance and repair of energy efficiency equipment amounted to PLN 3,490 thousand (3% of the total capital expenditure).
- Capital expenditure associated with activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles amounted to PLN 3,088 thousand (3% of the total capital expenditure).

- Capital expenditure associated with activity 7.6 Installation, maintenance and repair of renewable energy technologies amounted to PLN 49 thousand (0.05% of total capital expenditure).

In respect of all the above activities, it was confirmed that the substantial contribution criteria for the environmental objective of climate change mitigation were complied with, while the do no significant harm (DNSH) criteria for the remaining environmental objectives were not met. Consequently, all these activities were classified as Taxonomy-eligible but not Taxonomy-aligned.

Operating expenditure (OpEx)

Table 3: Proportion of Taxonomy-aligned OpEx

Financial year 2024	Year			Substantial contribution criteria						DNSH ('do no significant harm') criteria									
Economic activities	Code	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned OpEx, 2023	Category Enabling activity	Category Transitional activity
		PLN million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
Of which enabling				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
Of which transitional				0.00%													0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
		PLN million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable		0,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		

activities (not Taxonomy-aligned) (A.2)												
Total (A.1.+A.2.)		0,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
OpEx of Taxonomy-non-eligible activities (B)		22,395	100.00%									
Total (A+B)		22,395	100.00%									

E1 Climate change

E1-1 Transition plan for climate change mitigation

The Auto Partner Group does not currently have a transition plan in place for climate change mitigation. The Group will assess the need to adopt a transition plan in 2025–2026.

The Auto Partner Group is not excluded from the EU Paris-aligned benchmarks.

E1-2 Policies related to climate change mitigation and adaptation

The Auto Partner Group does not currently have a formal policy in place for managing impacts, risks, and opportunities related to climate change mitigation and adaptation, as material climate-related impacts and risks were only identified in 2024.

As a distributor of automotive parts, the Group does not engage in manufacturing activities, and therefore its direct greenhouse gas emissions are relatively limited compared to those of manufacturing companies. Accordingly, the Group is currently focused on adaptation measures tailored to the nature of its operations, such as the preliminary identification of climate-related risks and their management primarily through insurance coverage.

E1-3 Actions and resources in relation to climate change policies

Despite the absence of a formal policy on climate change mitigation and adaptation, the Auto Partner Group has undertaken steps to identify climate-related impacts and risks, and to implement initial actions related to energy.

A key action in 2024 was the purchase of solar PV panels for the Auto Partner branch in Nowy Sącz. The Group operates solar PV panels with a total capacity of 15.58 kWp. The project contributes to mitigating the negative impacts associated with fossil energy consumption at its office buildings and distribution centres. As the Group's business model is based on leased properties, it does not have full control over energy sources. However, it maintains cooperation with facility owners, which enabled the Group to purchase the solar PV panels for the Nowy Sącz branch in 2024, for PLN 49,000 VAT-exclusive. Moreover, in several hubs, the Group uses renewable energy generated by solar PV panels installed on the roofs of leased buildings. The Auto Partner Group is considering further investments in renewable energy sources.

In the reporting year, the Auto Partner Group did not take any measures to mitigate the physical climate risk related to heavy precipitation (rain).

The Group did not identify any achieved or expected GHG emission reductions.

E1-4 Targets related to climate change mitigation and adaptation

The Auto Partner Group has not yet established targets related to climate change or the reduction of greenhouse gas emissions. However, it plans to set such targets as part of its upcoming sustainability strategy. The Group does not track the effectiveness of climate-related policies, as none have been adopted. It also does not yet monitor the effectiveness of its actions related to climate impacts and risks, since these were only identified in the second half of 2024. The Group intends to begin tracking the effectiveness of such actions in the future.

E1-5 Energy consumption and mix

Energy consumption and mix	Unit	2024
Fuel consumption from coal and coal products	MWh	66.93
Fuel consumption from crude oil and petroleum products	MWh	8,293.68
Fuel consumption from natural gas	MWh	7,020.73
Fuel consumption from other fossil sources	MWh	0.00
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	5,509.83
Total fossil energy consumption	**MWh**	20,891.18
Share of fossil sources in total energy consumption	**%**	99%
Consumption from nuclear sources	**MWh**	0.00
Share of nuclear sources in total energy consumption	**%**	0%
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	60.76
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	59.68
Consumption of self-generated non-fuel renewable energy	MWh	0.00
Total renewable energy consumption	**MWh**	120.44
Share of renewable sources in total energy consumption	**%**	1%
Total energy consumption	**MWh**	21,011.61

Energy intensity per net revenue	Unit	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	MWh/PLN 1 million	5.11

Net revenue	Unit	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity	PLN million	4,110.0
Net revenue (other)	PLN million	2.5
Total net revenue (note 3 to consolidated financial statements)	PLN million	4,112.5

The Group’s high climate impact sector is Sector G – Wholesale and retail trade, repair of motor vehicles and motorcycles.

Net revenue from high climate impact activities was determined based on detailed internal accounting data specifying the source of revenue. Since it was not possible to identify energy consumption attributable to high climate impact sectors, the energy intensity ratio was calculated based on the Group's total energy consumption.

E1-6 Gross Scopes 1, 2, 3 and total GHG emissions

		Retrospective	
	Unit	Base year	2024
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions	MgCO2e	-	3,156.74
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	-	-

Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions	MgCO2e		3,035.23
Gross market-based Scope 2 GHG emissions	MgCO2e		4,170.01
Significant Scope 3 GHG emissions			
Total gross indirect Scope 3 GHG emissions	MgCO2e		221,212.43
1 Purchased goods and services	MgCO2e		151,045.39
2 Capital goods	MgCO2e		10,675.18
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	MgCO2e		1,607.15
4 Upstream transportation and distribution	MgCO2e		52,621.26
5 Waste generated in operations	MgCO2e		85.33
6 Business travel	MgCO2e		119.29
7 Employee commuting	MgCO2e		4,007.24
8 Upstream leased assets	MgCO2e		Included in Scope 1 + 2
9 Downstream transportation and distribution	MgCO2e		Estimation not available for 2024
10 Processing of sold products	MgCO2e		Not applicable to the Group's operations
11 Use of sold products	MgCO2e		Estimation not available for 2024
12 End-of-life treatment of sold products	MgCO2e		660.01
13 Downstream leased assets	MgCO2e		Included in Scope 1 + 2
14 Franchises	MgCO2e		389.43
15 Investments	MgCO2e		2.15
Total GHG emissions			
Total Scope 1+2 (location-based) GHG emissions	MgCO2e		6,191.97
Total Scope 1+2 (market-based) GHG emissions	MgCO2e		7,326.75
Total Scope 1+2 (location-based) + Scope 3 GHG emissions	MgCO2e	-	227,404.40
Total Scope 1+2 (market-based) + Scope 3 GHG emissions	MgCO2e	-	228,539.18

GHG intensity per net revenue	Unit	2024
Total Scope 1+2 (location-based) + Scope +3 GHG emissions per net revenue (note 3 to consolidated financial statements)	MgCO2e/PLN 1 million	55.30
Total Scope 1+2 (market-based) + Scope +3 GHG emissions per net revenue (note 3 to consolidated financial statements)	MgCO2e/PLN 1 million	55.57

GHG emissions resulting from operational activities have been monitored across the Auto Partner Group companies since 2024. The Group applies an emissions intensity indicator based on GHG emissions per PLN 1 million of consolidated revenue.

Emissions disclosed above were calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised Edition).

In 2024, the Group recorded Scope 1 emissions resulting from the combustion of biomass pellets.

The Group did not use any contractual instruments for the purchase of energy bundled with attributes about the energy generation in relation to Scope 2 emissions.

The organisational boundaries for GHG emissions have been defined based on the operational control approach (100% of emissions from each entity) and cover the same entities as included in the consolidated financial statements. Given the structure of the Group and the material contribution of each company, GHG emissions data is presented on a consolidated basis.

For an overview pf the entities covered by this Report, refer to disclosure ESRS 2 BP-1.

Emissions are expressed in carbon dioxide equivalent (CO2e).

- Scope 1 – emissions were calculated using fuel-specific emission factors from the DEFRA 2024 database. Primary sources of Scope 1 emissions included fuel consumption by the Group's vehicle fleet and the combustion of natural gas in buildings and installations. Data was obtained from the Group's internal systems and fuel suppliers. Where the Group did not have quantitative data on fuel consumption at its installations, emissions were estimated based on average fuel consumption at the branches for which such data was available.
- Scope 2 – emissions were calculated using both the location-based and market-based methods. For the location-based method, average emission intensity factors published by KOBiZE (for Poland) and the European Environment Agency (EEA, for foreign subsidiaries) were used. For the market-based method, the calculations were based on emission intensity factors from the residual mix published by the Association of Issuing Bodies (AIB). In the case of three CHP plants for which the Group was unable to obtain emission factors, it used the emission factor for CHP plants in Poland published by KOBiZE. Emissions stemmed from the generation of electricity purchased by Group entities. Quantitative data was sourced from the Group's internal systems. Where quantitative data on energy consumption at individual branches was not available, emissions were estimated based on average energy consumption at the Group's branches for which quantitative data was available.
- Scope 3 – emissions were calculated using emission factors from EEA, ADEME, DEFRA, and EXIOBASE databases. Scope 3 calculations followed the guidance set out in the GHG Protocol. Corporate Value Chain (Scope 3) Accounting and Reporting Standard and GHG Protocol. Technical Guidance for Calculating Scope 3 Emissions.

Reasons for excluding certain primary Scope 3 GHG emission categories:

Category 9. Downstream transportation and distribution – data could not be systematically separated for retail customers who purchase directly at branches (point-of-sale purchases, etc.) or customers who independently arrange shipping through external service providers. In future reporting cycles, the Group aims to implement a systematic data collection process to enable reporting of the carbon footprint in this category.

Category 10. Processing of sold products – the Group does not supply semi-finished products requiring further processing. No emissions were identified in this category.

Category 11. Use of sold products – due to the nature of the Group's business, estimating emissions in this category is not feasible. Products may be installed in a variety of vehicles as replacement parts, and it is not possible to determine their lifespan. These parts do not consume energy and are part of vehicles with diverse operational profiles.

The following Scope 3 categories were included in the calculations. The applied assumptions are outlined below:

Category 1 – calculated based on 2024 data on purchased merchandise and accounting records of purchased materials and services. Calculations applied the spend-based method using emission factors from the EPA 2022 database.

Category 2 – calculated based on a complete inventory of property, plant and equipment acquired during the reporting year, classified by sector. The calculations were made using the spend-based method and EXIOBASE 3.8.2. emission factors.

Category 3 – based on the Auto Partner Group's fuel and energy consumption data and DEFRA (2021–2024) emission factors. The average-data method was used. Well-to-tank (WTT) emissions were included for fossil fuels, as well as transmission and distribution losses (direct and WTT) for electricity.

Category 4 – based on transport data for goods purchased by the Group. Depending on the data available, either the distance-based or fuel-based method was used. DEFRA 2024 emission factors were applied. Where supplier transport data was unavailable, results were extrapolated.

Category 5 – calculated using Group waste generation data and DEFRA 2024 emission factors. Additionally, average employee waste generation was estimated based on Statistics Poland (GUS) data. The average-data method was applied.

Category 7 – calculated using data collected from employee surveys conducted by the Group in 2024, applying DEFRA 2024 emission factors. Results were extrapolated to represent all Group employees.

Category 8 – calculated based on fuel consumption records for leased assets. These emissions are reported under Scope 1.

Category 12 – calculated based on total sales volume, product weight, and DEFRA 2024 emission factors. As no information was available on the end-of-life treatment of sold products by consumers, landfilling was assumed. The average-data method was applied.

Category 13 – calculated based on fuel consumption records. These emissions are reported under Scope 1.

Category 14 – calculated based on franchise-reported Scope 1 and 2 data. DEFRA 2024 emission factors were applied. Where data from direct sources was unavailable, emissions were estimated based on consumption data from the Group's branches.

Category 15 – calculated based on Scope 1 and 2 data received from representatives of investees in which Auto Partner S.A. holds equity interests. DEFRA 2024 emission factors were applied. Results were adjusted based on the Group's percentage of ownership.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

The Auto Partner Group does not participate in GHG removals and GHG mitigation projects financed through carbon credits.

E1-8 Internal carbon pricing

The Auto Partner Group has no internal carbon pricing systems in place.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The Auto Partner Group applies the exemption from disclosure E1-9 for the first year of reporting, in accordance with Appendix C.

E5 – Resource use and circular economy

E5-1 Policies related to resource use and circular economy

The Auto Partner Group does not have in place a policy addressing material impacts, risks, and opportunities related to resource use and the circular economy, as material impacts in this area were only identified in 2024.

E5-2 Actions and resources in relation to resource use and circular economy

Actions undertaken to mitigate negative impacts on resource inflows and outflows, i.e. the consumption of resources by manufacturers of products purchased by the Auto Partner Group, included the development of the Supplier Code of Conduct in 2024 and its adoption at the beginning of 2025. In accordance with the Code, the Auto Partner Group suppliers ought to promote safe and environmentally friendly development, manufacture, transport, use, and disposal of their products. Suppliers are expected to minimise the consumption of production materials and to continuously strive for process enhancements. The use of resource-efficient technologies and the transition towards a closed-loop economy are of key importance. Resources should be used efficiently, and the loops of material flows should be closed wherever possible. It is essential to use environmentally friendly packaging to the extent feasible. Every supplier will be obliged to comply with legal regulations regarding waste management, aiming to minimise the amount of waste generated in their operations. They should ensure the proper handling of all generated waste, including by engaging licensed waste collection providers to effectively minimise any adverse environmental impacts of waste. A detailed description of the Supplier Code of Conduct is presented in disclosure G1-1.

The Group also takes steps to enhance the positive impacts related to waste, specifically by reducing waste volumes and ensuring proper waste management. Below is an overview of actions implemented in 2024:

1. Reduction of packaging and optimisation of packaging processes

The Auto Partner Group focuses on reducing waste generation at the packaging stage. The Group invests in technologies that enable the adjustment of packaging size to fit product dimensions, thereby minimising wastage of materials and reducing packaging-related waste. Moreover, the Group has taken steps to reduce the total volume of packaging used. Notably, two of the Group's carton suppliers provide cartons made entirely from recycled materials and suitable for further recycling.

Waste segregation and recycling

Waste segregation systems have been implemented at all Auto Partner Group locations. The Group has also entered into partnerships with external contractors specialised in recycling.

Reverse vending machine at the central warehouse

The Auto Partner Group has installed a device at its main warehouse in Bieruń to facilitate the segregation of plastic, glass, and aluminium waste.

Compactor containers and balers

Various branches of the Auto Partner Group operate equipment that compresses waste and recyclable materials, resulting in a reduced volume of plastic packaging waste (film) and a decrease in the storage space required. Compressed film blocks are stored and collected by an operator specialised in recycling this type of waste. In addition, the reduced frequency of waste collection results in lower transport-related emissions.

Cooperation with customers on waste management (EKO Partner programme)

Throughout Poland, the Auto Partner Group provides support to customers in the collection and processing of waste, including used oils, filters, worn tyres, and automotive batteries, along with assistance in BDO (waste database) documentation.

Battery scrap collection

The Auto Partner Group operates a battery scrap collection system at all its retail outlets. As a retailer of lead-acid car batteries and automotive accumulators, the Group is obliged to accept used batteries free of charge from end-users, also during the sale of new components. Retail customers purchasing batteries are required to pay a security deposit which is returned if the old, used battery is returned within 30 days. Unreturned security deposits are transferred to the bank account of the competent Marshal Office. The Group also offers the possibility of organising collection of waste batteries of a specific battery manufacturer at the branches. In such a case, the batteries are temporarily stored in the Group's facilities, but the manufacturer is responsible and obliged to collect and dispose of them. Accordingly, the waste battery volumes at the Group's warehouses are small and are not formally treated as Group-produced waste.

Use of second-hand pallets

The Auto Partner Group does not purchase new pallets but instead uses second-hand wooden pallets for storing goods and shipping them to customers.

The above actions were implemented during the reporting year and will be continued.

They are carried out in the Auto Partner Group's own operations and as part of its cooperation with suppliers (upstream) and customers (downstream). The initiatives primarily cover Poland, where the Group's core operations are located, as well as collaboration with international partners. Relevant stakeholders in these actions include suppliers, customers, consumers and end-users, external recycling and waste processing partners, employees, and regulators.

Through the acquisition of new packaging machinery, the use of packaging materials has been reduced.

Expected outcomes of these actions include: reduction in waste generation, savings in material consumption, improved operational efficiency, and a positive effect on the Group's reputation.

Actions planned for the future include the complete elimination of plastics from packaging. The Group is considering replacing plastic packaging with environmentally friendly alternatives, such as biodegradable materials or those made from recycled content.

As at the issue date of this Report, the Auto Partner Group did not identify any cases in which individuals would be harmed by actions related to resource use or the circular economy.

The Group does not expect to have a dedicated budget detailing expenditures related to waste management.

The implementation and oversight of all actions related to resource management are the responsibility of the Group's senior management, supported by specialised staff from the occupational health and safety department.

E5-3 Targets related to resource use and circular economy

As at the issue date of this Report, the Auto Partner Group had not established specific targets related to resource use and the circular economy. However, the Group intends to incorporate such targets into its forthcoming Sustainability Strategy.

E5-4 Resource inflows

Resource inflows [E5-4]	Unit	2024
Total weight of product inflows	**Mg**	91,669.64
Total weight of technical material inflows	Mg	2,343.77
of which total weight of secondary reused or recycled components, secondary intermediary products, and secondary materials used to manufacture the undertaking's products and services (including packaging)	Mg	1,582.94
Total weight of biological material inflows	Mg	0
of which sustainably sourced	Mg	0
Total weight of technical and biological material inflows	**Mg**	2,343.77
Total weight of products, technical materials, and biological materials	**Mg**	94,013.41
Percentage of sustainably sourced biological materials	**%**	0
Percentage of secondary reused materials	**%**	1.68

The data regarding goods and materials is derived from the Group's internal systems and information provided by packaging suppliers. The Group's internal systems include data for 99.5% of the total weight of goods purchased.

E5-5 Resource outflows

The Auto Partner Group does not have in place a dedicated strategy for waste management and waste reduction but handles waste as follows:

- Packaging waste is segregated at the point of origin, i.e. at the warehouse, into plastic, paper, and wood. It is then transported to the waste management department, where it is placed in appropriate bins and containers. Once the bins/containers are full, the waste is collected by external operators holding the legally required licences.
- Hazardous liquid waste is stored in sealed containers made of materials resistant to the chemical properties of its hazardous components. These are placed on pallets in a designated area of the waste management department.
- Hazardous solid waste is stored in containers made of materials resistant to the chemical properties of its hazardous components, at the chemical warehouse.

The Group does not generate production waste – only packaging waste, which arises during the receiving, unpacking, and repackaging of goods.

As regards the expected durability of products offered by the Group, the warranty period may serve as an indicative metric. As a rule, the Group adheres to the warranty standards set by the manufacturers of spare parts, aligned with automotive industry norms. The warranty periods and expected product durability vary depending on the nature of each product category. Typically, they range from 12 to 36 months, depending on the type of component and the manufacturer's brand.

The warranty period depends on the conditions specified by the supplier and may be indicated on the packaging, company website, warranty card, or in promotional materials such as television commercials or billboards. If a specific warranty period is available on the Group's website or where the Group provides its own warranty (e.g. for car batteries), complaints are handled according to these terms. In the case of products with extended manufacturer warranties (e.g. five years), the Group honours that period. In the absence of a defined term, general rules apply.

Furthermore, the complaints department keeps monitoring product quality through the complaint rate, which indicates the percentage of complaints relative to sales. If the rate increases, the issue is reported to the supplier, often leading to quality improvement measures.

Product warranties at the Auto Partner Group may vary depending on the specific parts manufacturer, and the Group strives to align them with the standards and norms applicable in the automotive industry.

The product range includes remanufactured parts, which have undergone a refurbishment process restoring them to full functionality and quality. Such products are an environmentally friendly solution.

The Auto Partner Group does not have available data regarding the rates of recyclable content in products and their packaging.

Resource outflows [E5-5]	Unit	2024
Total weight of products	Mg	74,262.37
Total weight of recyclable products	Mg	4,040.68
Total weight of packaging	Mg	1,283.59
Total weight of recyclable packaging	Mg	1,085.86
Rate of recyclable content in products	%	5.44
Rate of recyclable content in packaging	%	84.60

Data on goods sold and packaging used is sourced from the Group's internal systems. The Group's internal systems include data for 99.5% of the total weight of goods sold. The quantity of carton outflows has been estimated based on the number of parcels packed and the average weight of packaging used in the Group's processes.

Hazardous and non-hazardous waste by waste management method at the Auto Partner Group [E5-5]		
	Unit	**2024**
Waste diverted from disposal	**Mg**	**4,125.83**
Hazardous waste	**Mg**	**19.04**
Preparation for reuse	Mg	0.00
Recycling	Mg	19.04
Other recovery operations	Mg	0.00
Non-hazardous waste	**Mg**	**4,106.79**
Preparation for reuse	Mg	0.00
Recycling	Mg	3,949.72
Other recovery operations	Mg	157.07
Waste directed to disposal	**Mg**	**52.94**
Hazardous waste	**Mg**	**0.79**
Incineration	Mg	0.00
Landfill	Mg	0.00
Other disposal operations	Mg	0.79
Non-hazardous waste	**Mg**	**52.15**
Incineration	Mg	0.44

Landfill	Mg	51.71
Other disposal operations	Mg	0.00
Total amount of hazardous waste	**Mg**	**19.84**
Total amount of non-hazardous waste	**Mg**	**4,158.94**
Total amount of radioactive waste	**Mg**	**0.00**
Total amount of waste generated	**Mg**	**4,178.78**
Total amount of non-recycled waste	Mg	201.01
Percentage of non-recycled waste	%	5.03

The Auto Partner Group generated a total of 19.84 Mg of hazardous waste.

Among the hazardous waste streams recorded via BDO documentation are used lead-acid batteries, waste automotive oils, and antifreeze fluids containing hazardous substances.

Non-hazardous waste primarily consists of paper and cardboard packaging waste. To a lesser extent, other non-hazardous waste leaving the Auto Partner Group includes packaging made of plastic, wood, and ferrous metals (iron and steel).

The Auto Partner Group maintains waste records in the BDO system for all waste other than municipal waste. Municipal waste volumes have been estimated by the Group based on the number of employees and the average per capita municipal waste generation published by Statistics Poland (GUS, 2023).

E5-6 Anticipated financial effects from resource use and circular economy-related risks and opportunities

The Auto Partner Group applies the exemption from disclosure E5-6 for the first year of reporting, in accordance with Appendix C.

III. Society

S1 Own workforce

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

This disclosure takes into account all individuals within the Auto Partner Group's own workforce on whom the Group has a material impact.

The Group's own workforce comprises:

- warehouse employees employed under employment contracts (the largest group),
- office personnel employed under employment contracts and, to a lesser extent, under cooperation agreements,
- sales personnel employed under employment contracts,
- associates employed under contracts of mandate (*umowa zlecenia*) or through temporary employment agencies for warehouse operations during peak sales periods,
- other associates engaged in sales and marketing activities under cooperation agreements.

The vast majority of employees and associates are employed in Poland. 1% of the Group's workforce is based in the Czech Republic.

The material impacts and risks related to own workforce are further described in disclosure ESRS 2 SBM-3.

The material negative impacts on the Group's own workforce relate to:

- isolated incidents occurring during work in distribution centres,
- occasional cases of bullying or harassment,
- access to employees' sensitive personal data, which could be exposed, for example, as a result of a hacker attack.

The material positive impacts stem from the following practices:

- implementation of internal policies and procedures (such as the Work Rules), which clearly define key matters such as working time,
- commitment to attracting and retaining talent in a competitive labour market, and maintaining high levels of employee satisfaction,
- provision, continuous expansion and improvement of an employee benefits package tailored to workforce needs.

The Auto Partner Group has identified two risks related to its own workforce, both of which pertain to specific groups of individuals rather than the entire workforce:

1. the risk of losing key personnel and challenges in attracting qualified staff – this primarily concerns executives, senior and mid-level management, as well as key specialists and employees/independent contractors with high-level expertise in specific areas (e.g., sales, branch management);

the risk of fire at the Group's locations, which could pose a threat to the health or life of employees – this primarily concerns individuals working in warehouses, as these areas have been identified as having the highest likelihood of fire occurrence.

The Auto Partner Group has not identified any impacts or risks to its own workforce resulting from a transition plan or other actions to reach climate neutrality since the Group has not implemented a transition plan yet. No operations or geographic locations have been identified where the risk of forced labour or child labour may occur.

As at the issue date of this Report, the Group had not identified any opportunities related to its own workforce.

The Auto Partner Group is not aware of any greater risk of harm to people with particular characteristics, those working in particular contexts, or those undertaking particular activities.

S1-1 Policies related to own workforce

Code of Ethics

The Auto Partner Group Code of Ethics is the overarching document defining the principles of conduct applicable to all of the Group's own workforce.

The effectiveness and awareness of the Code's provisions are reviewed every two years through the following measures:

- consultations with employee representatives, including surveys and meetings,
- monitoring of ethics-related training processes, such as onboarding modules and periodic training on ethical conduct.

The Code of Ethics is binding on the Management Board of the Auto Partner Group and all individuals providing work for the Group under employment contracts, contracts of mandate, or other civil-law agreements, as well as on the Group's business partners.

The Auto Partner Group is committed to respecting internationally recognised human rights, in particular those set out in:

- International Bill of Human Rights,
- Charter of Fundamental Rights of the European Union,
- 10 Ten Principles of the United Nations Global Compact,
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and related conventions,
- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights.

The Code of Ethics is aligned with the abovementioned legal acts through the Group's commitment to comply with them, including by ensuring respect for human rights, as reflected in the detailed provisions of the Code presented in disclosure G1-1.

The Auto Partner Group is committed to respecting diversity, which is reflected its Code of Ethics, the Work Rules, and the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying.

The Code of Ethics was updated in 2024.

Where the Auto Partner Group causes or contributes to adverse impacts on human rights, it is committed to taking remedial action and cooperating with judicial or non-judicial mechanisms to ensure effective access to remedies or corrective measures.

The Code of Ethics is available on the website www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Code can be accessed via this link.

The Group has not identified any particularly vulnerable groups among its employees. Therefore, it has not adopted any specific policy commitments regarding the social inclusion of such groups or initiatives aimed at advancing positive impacts on them.

Work Rules

The Work Rules set out the internal organisation and procedures of Auto Partner S.A. of Bieruń. All employees, regardless of their role or type of work, are required to comply with the Work Rules. The employer must ensure that each new employee is familiarised with the Work Rules prior to commencing work, confirmed by a signed written statement from the employee. The employer is Auto Partner S.A., and an employee is any person employed by the company under an employment contract.

The Work Rules set out the detailed rights and obligations of the employer and employees of Auto Partner S.A., principles of equal treatment and anti-bullying, working time regulations and schedules, rules for overtime work, timekeeping procedures, policies on hiring and termination, procedures for excusing absences and lateness, entitlements to paid and unpaid leave, remuneration and employee benefits, procedures for awarding bonuses and commendations, disciplinary responsibilities, forms of supervision over employees and company property, occupational health and safety, fire safety measures, and protections for female employees.

Compliance with the Work Rules is overseen by the heads of organisational units and line managers. Designated personnel are responsible for monitoring compliance in line with their assigned duties.

The following channels are used to communicate the Work Rules to all current employees:

- publication on the Auto Partner S.A. intranet,
- distribution to managers with instructions to share the content with their teams.

In 2024, the Work Rules were updated. As of 29 July 2024, amendments were introduced regarding the reimbursement of business travel expenses, Sobriety Control Rules were implemented, and technical adjustments were made in connection with the implementation of a new HR and payroll system.

Other companies in the Auto Partner Group are not legally required to maintain Work Rules, as they employ fewer than 50 staff. Auto Partner S.A. employs 99.2% of all Group employees under employment contracts.

Remuneration Rules

The terms and conditions of remuneration and the provision of other work-related benefits for employees of Auto Partner S.A. are established in accordance with the Polish Labour Code.

The provisions of the Remuneration Rules apply to all employees, regardless of the type of employment contract, position held, nature of work performed, or working time. The Rules do not govern the remuneration of the Management Board members of Auto Partner S.A. The remuneration of Management Board members is determined by the Supervisory Board in accordance with the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A.

Key provisions of the Remuneration Rules include:

- rules of employee remuneration,
- base remuneration
- discretionary bonuses,
- non-wage components of remuneration,
- overtime pay,
- overtime pay for senior and middle managers,
- night work allowance,
- work-related cash benefits,
- pay during periods of incapacity for work,
- benefits related to work-related accidents and ill health,
- severance pay due to retirement, disability, or employee death,
- remote work allowance,
- awards for exceptional achievements,
- reimbursement of business travel expenses,
- meal subsidies.

The following channels are used to communicate the Remuneration Rules to all current employees:

- publication on the Auto Partner S.A. intranet,
- distribution to managers with instructions to share the content with their teams.

The Remuneration Rules have been established for the parent company, Auto Partner S.A., which employs 99.2% of all Group employees under employment contracts.

The Remuneration Rules were updated in 2024.

Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying

The purpose of the Procedure is to prevent and eliminate instances of discrimination, harassment, and bullying. It is designed to protect the dignity and rights of employees and to take appropriate measures against offenders. Undesirable behaviour is any conduct that constitutes, or may constitute, discrimination, harassment (including sexual harassment), or bullying, and which negatively impacts other employees or disrupts, or may disrupt, the performance of work duties. Examples of such conduct include:

- violations of personal dignity,
- obstruction of communication,
- physical or psychological aggression,
- unwarranted criticism,
- assigning tasks below qualification level,
- assigning excessive workloads,
- spreading rumours or false information.

Auto Partner S.A. is committed to taking all possible measures to prevent the occurrence of undesirable behaviour, to eliminate any such behaviour, and to mitigate its effects. To this end, Auto Partner S.A.:

- implements and enforces the provisions of this Procedure and ensures all employees are familiar with its content,

- provides training for employees on the prevention of undesirable behaviour,
- promotes a workplace culture free from undesirable behaviour,
- provides employees with an effective mechanism for protection against such behaviour,
- guarantees anonymity for individuals reporting undesirable behaviour and ensures that no retaliatory actions are taken against them,
- takes all legally prescribed actions against individuals found to be responsible for such behaviour.

The Procedure applies to all employees.

Any individual who is a victim of, or becomes aware of, undesirable behaviour has the right to report it to their immediate manager, the Compliance Officer, or the HR Manager. Auto Partner S.A. guarantees the anonymity of the reporting party and the confidentiality of the entire process. The Investigation Committee assesses the validity of all reports, investigates potential incidents, collects necessary evidence, addresses undesirable behaviour, and takes appropriate actions against offenders.

Depending on the type and severity of the undesirable behaviour, the following actions may be taken:

- disciplinary penalty as provided for under the Labour Code,
- termination of employment with notice,
- termination of employment without notice,
- in cases involving a criminal offence – referral of the matter to law enforcement authorities.

The Procedure is available on the Auto Partner S.A. intranet and in printed form at company premises.

The Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying has been established for the parent company, Auto Partner S.A., which employs 99.2% of all Group employees.

No amendments were made to the Procedure during the reporting year.

Occupational health and safety within the Auto Partner Group is outlined in section 8 of the Code of Ethics: The Group undertakes measures aimed at ensuring a safe working environment and minimising the risk of incidents that could pose a threat to life or health. The presence of employees at work under the influence of alcohol or other intoxicating substances is strictly prohibited. Additional preventive measures implemented to avoid accidents include training, educational initiatives, health and safety inspections, corrective and preventive actions, as well as periodic OHS reviews that provide recommendations for technical and organisational improvements. The rules for OHS training are set out in the Work Rules. The Auto Partner Group does not have in place an accident prevention policy or management system.

The Group does not have any dedicated procedures to promote diversity or broader social inclusion beyond those established in the Code of Ethics and the Whistleblowing Rules.

The Whistleblowing Rules set out the procedures for handling complaints/grievances and ensures that employees have a mechanism to assert their rights (including human rights) in cases of discrimination or other irregularities in the Group's operations.

Ultimate responsibility for ensuring equal treatment and equal opportunities in employment rests with the Management Board of Auto Partner S.A.

In 2025, the Group plans to introduce training on anti-discrimination principles and practices, with a particular focus on mid- and senior-level management, aimed at raising awareness and addressing both systemic and unintentional discrimination.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Engagement with the Auto Partner Group's own workforce in relation to impacts

1. Impact: Job security through the use of employment contracts for the majority of employees (including warehouse staff) and providing additional welfare benefits to all employees.

Forms of engagement:

- dialogue with employee representatives, through which the representatives have been granted rights to co-manage the Employee Social Benefits Fund (ZFŚS) – frequency: as needed, based on current requirements,
- Worksmile benefits platform, which allows employees to select and use their preferred benefits and opt into group life insurance – frequency: ongoing,
- meetings and email correspondence with the HR department, giving employees the opportunity to discuss various issues, including employment conditions – frequency: ongoing.

2. Impact: Appropriate and convenient working hours for employees through the implementation of a six-shift system in distribution centres and flexible working hours.

Forms of engagement:

- Intranet, where employees have access to all documents and policies, including the Work Rules, which include provisions on working time – frequency: ongoing,
- meetings and correspondence with the HR department, through which employees can arrange their working hours – frequency: ongoing,
- employee surveys, measuring job satisfaction, including satisfaction with working time – frequency: once per year.

3. Impact: Wide range of non-pay employee benefits.

Forms of engagement:

- Worksmile benefits platform, which allows employees to choose and access benefits that suit their needs – frequency: ongoing.

4. Impact: Enabling employees to represent their interests through employee representatives.

Forms of engagement:

- dialogue with employee representatives, allowing employees to influence decisions related to working conditions – frequency: as needed.

5. Impact: Promoting employee well-being, health, engagement, and work-life balance.

Forms of engagement:

- email communication, used to inform employees about upcoming events and enable them to sign up for activities that suit their needs – regular engagement,
- meetings with the HR department, offering a space to discuss employee needs and job satisfaction – frequency: twice a month, during the HR Open Door days,
- team-building events, providing an opportunity to talk about employee well-being and needs – frequency: several times a year.

6. Impact: Accidents involving employees in distribution centres.

Forms of engagement:

- OHS training, conducted to prevent accidents and raise employee awareness – frequency: on the first day of employment, within the first year, and then every three years,
- email communication with the OHS department, through which employees can report identified workplace hazards – frequency: ongoing.

7. Impact: Continuous skills development under the AP Development University initiative.

Forms of engagement:

- surveys used to assess satisfaction with training sessions, including the quality of content, the trainer's performance, and organisational aspects; feedback is taken into account when planning and improving future training programmes – frequency: after each training session, (up to a dozen or so times per year).

8. Impact: Occasional cases of bullying and harassment among employees.

Forms of engagement:

- possibility of reporting cases of misconduct based on the Whistleblowing Rules – frequency: ongoing,
- Intranet, where employees can find all relevant documents and policies, including the Whistleblowing Rules and the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying – frequency: ongoing.

9. Impact: Potential breach of employee personal data protection.

Forms of engagement:

- email communication and support from the IT department, enabling employees to report potential incidents or suspicious messages, helping to prevent cyberattacks – frequency: ongoing,
- IT HelpDesk, a dedicated intranet tool for reporting issues to the IT department – frequency: ongoing.

Employee engagement is carried out both directly and indirectly via elected employee representatives.

Oversight and operational responsibility for engagement processes lies with the HR department, led by the HR Manager.

To gain insight into the perspectives of people in its own workforce who may be particularly vulnerable to impacts or marginalised (for example, women, migrants, people with disabilities), the Auto Partner Group adheres to the Whistleblowing Rules, which enables all individuals to report misconduct or discrimination. In addition, the Group has developed an informational campaign in English and Ukrainian regarding the availability of whistleblowing channels. These materials are available on the intranet.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

The Auto Partner Group has the Whistleblowing Rules in place to report violations and instances of discrimination, set out the procedures for handling complaints/grievances and ensures that employees have a mechanism to assert their rights in cases of discrimination or other irregularities in the Group's operations. Remedial measures in response to cases of discrimination, workplace bullying, or

harassment may include disciplinary discussions with those responsible, orders to immediately cease inappropriate behaviour, and reminders about the Group's ethical standards, cultural values, and expectations of mutual respect. Depending on the severity, consequences may also involve formal disciplinary or financial penalties, termination of employment, changes in job roles, initiating civil-law measures (e.g. compensation payments), or reporting the incident to relevant authorities. The effectiveness of remedial actions is subsequently monitored to assess whether they have achieved the intended outcome.
New hires receive information about the available whistleblowing channels during their onboarding process. Information on how to raise concerns is also displayed on notice boards in warehouses and made available on the intranet.

The Whistleblowing Rules are available on the website www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Whistleblowing Rules can be accessed via this link.

The detailed whistleblowing procedure is further described in disclosure G1-1.

Remedial measures related to workplace accidents include conducting an accident investigation, drawing conclusions and identifying preventive measures to be implemented by the supervisor, paying 100% of the employee's wages during medical leave (sick leave allowance), and compensation provided by the Social Insurance Institution (ZUS).

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Actions to address material negative impacts

1. Impact: Accidents involving employees in distribution centres.

The Auto Partner Group regularly delivers OHS training and ensures that all employees, including those employed through temporary work agencies, are thoroughly familiarised with the safety procedures relevant to their respective roles. The Group has implemented a sobriety testing procedure for warehouse staff, introduced a ban on the use of headphones in warehouse areas, equipped forklifts with dedicated safety lighting, and automated certain warehouse processes, such as the use of conveyor belts, to reduce employees' physical workload. Furthermore, the Group provides appropriate personal protective equipment (anti-slip footwear, high-visibility clothing), has developed contingency plans for emergency situations, and conducts evacuation drills to strengthen employee preparedness for crisis scenarios. Workspaces are equipped with surveillance cameras, enabling continuous monitoring and prompt identification of unsafe behaviours or workplace hazards.

Method of tracking and assessing the effectiveness of these measures: maintaining accident statistics.

2. Impact: Occasional cases of bullying and harassment among employees

The Auto Partner Group maintains an anonymous whistleblowing mechanism that enables all complaints, grievances and requests, including those related to workplace bullying and harassment, to be reviewed individually, followed by the implementation of appropriate corrective and remedial actions. For a detailed description of that mechanism and the entire procedure, see the Whistleblowing Rules at www.autopartner.com.

Method of tracking and assessing the effectiveness of these measures: monitoring the effectiveness of the remedial measures taken and verifying whether they have had a positive outcome (e.g., through individual follow-up conversations with the affected person).

3. Impact: Potential breach of employee personal data protection (potential).

The Auto Partner Group has established and adheres to internal personal data protection policies. The Group operates antivirus software and enforces a password management policy, including regular updates, to mitigate the risk of internal breaches (man-in-the-middle attacks) as well as external cyber threats. An internal IT Service Desk helpline provides employees with support in the event of data breach risks or suspected data phishing attempts and other cybersecurity incidents. These functions fall under the responsibility of the Group’s internal IT department. In 2024, the Group delivered a cybersecurity training programme for employees in the form of scenario-based e-learning. The training addressed key cybersecurity issues including phishing, spoofing, malware, and ransomware.

Method of tracking and assessing the effectiveness of these measures: information on the occurrence of personal data breach incidents.

The above actions were implemented during the reporting year and will be continued.

Expected outcomes: a safe and inclusive work environment.

The processes through which the Auto Partner Group determines what types of actions are needed and appropriate to address specific actual or potential negative impacts on its own workforce include: communication, collaboration and consultations with internal experts in relevant areas (such as OHS, compliance, and IT), consultations and training conducted by external specialists, and the monitoring of internal statistics (including types and frequency of workplace accidents, incidents of discrimination and harassment, and cyberattacks).

Actions to advance positive impacts

1. Impact: Job security through the use of employment contracts for the majority of employees (including warehouse staff) and providing additional welfare benefits to all employees.

The vast majority of Group employees are hired under contracts of employment. Only a small fraction are engaged under alternative forms of employment to align staffing levels with workload demands and avoid redundancies. The Group also operates an Employee Social Benefits Fund (Zakładowy Fundusz Świadczeń Socjalnych – ZFŚS), which was established as an additional employee welfare measure, beyond the statutory requirements. The ZFŚS supports employees and their families by providing financial assistance during hardship. In case of unexpected personal emergencies, employees may individually apply for financial support. The ZFŚS also provides housing-related loans, allowing employees access to financing aimed at improving their living conditions. The Auto Partner Group offers employees access to group life insurance, enabling them to benefit from more favourable policy terms compared to individual insurance options.

Method of tracking and assessing the effectiveness of these measures: Statistics are maintained on the number of employees benefiting from the ZFŚS, as well as the number of employees participating in the group life insurance scheme.

2. Impact: Appropriate and convenient working hours for employees through the implementation of a six-shift system in distribution centres and flexible working hours.

The six-shift system optimises workforce potential and reduces overtime, White-collar employees benefit from flexible working hours (the option to start work between 7am and 11am), allowing them to adapt their schedules to individual needs.

Method of tracking and assessing the effectiveness of these measures: in 2024, a survey was conducted to gauge employee satisfaction. 2/3 of the respondents indicated that they were satisfied with their working time. In the long term, they support higher job satisfaction and loyalty, which may result in improved performance. These efforts also strengthen the Group's employer brand, supporting both talent acquisition and employee retention.

3. Impact: Wide range of non-pay employee benefits.

The Auto Partner Group offers employees a comprehensive package of non-pay employee benefits, which indirectly enhances the adequacy of their wages. These benefits include fitness membership cards, private healthcare insurance and health campaigns, which include annual flu vaccinations and blood work. Employees have access to the Worksmile benefits platform, and employees who welcome a newborn child receive additional credit to their benefits account Recognising the personal challenges employees and their families may face, the Group has created a dedicated channel for encouraging colleagues to support one another by allocating 1.5% of their personal income tax. Employees also receive discounts on automotive parts, subsidies for English language courses, and meal subsidies.

Method of tracking and assessing the effectiveness of these measures: Information on the number of employees who use these benefits is collected and analysed.

4. Impact: Enabling employees to represent their interests through employee representatives.

The employee representation system gives employees a voice in matters related to working conditions. The representatives act as intermediaries between employees and management, facilitating the resolution of issues and the communication of needs and suggestions. This approach enables employees to convey their feedback. Representatives are elected in accordance with the Rules for the Election of Employee Representatives of Auto Partner S.A. of Bieruń. Meetings between employee representatives and the HR department take place monthly or as needed. Employees can raise topics with their representatives, who relay them to HR. In 2024, work was undertaken to empower employee representatives with joint management responsibilities related to the Employee Social Benefits Fund (ZFŚS) from 2025 onwards.

Employees of Auto Partner Group subsidiaries, representing 0.8% of the total workforce, are able to report issues directly to the respective management boards of the subsidiaries.

Method of tracking and assessing the effectiveness of these measures: Ongoing analysis of any issues raised, and statistics concerning employee participation in representative elections.

5. Impact: Continuous skills development under the AP Development University initiative.

The Auto Partner Group has launched the AP Development University initiative, aimed at enhancing soft skills through a workshop-based training model. The programme equips employees with knowledge and practical competencies in areas such as negotiation, sales techniques, interpersonal communication, time management, stress resilience, change management, and task delegation. Investing in employee development is a strategic element in strengthening the Group's competitive advantage. This initiative contributes positively to employee development and skills enhancement, which is turn supports overall organisational efficiency. Long-term benefits include stronger internal team communication, greater stress resilience, and enhanced flexibility in task management and adaptation to change. The programme also supports the prevention of negative effects such as employee burnout or reduced productivity resulting from underdeveloped interpersonal skills. The AP Development University initiative is available to employees across all organisational levels, reinforcing equal opportunities and fostering a culture of continuous learning.

Method of tracking and assessing the effectiveness of these measures: Surveys conducted after training sessions measure employee satisfaction and enable participants to assess such aspects of the training as substantive content, trainer effectiveness, and overall organisation. Survey results help guide the planning of future training programmes, including any required improvements.

6. Impact: Promoting employee well-being, health, engagement, and work-life balance.

In September 2024, the Auto Partner Group introduced a new provider of sport and fitness packages, expanding the range of options available to employees. On 12 December 2024, the Group hosted ActivDay – an initiative promoting employee health and well-being, which included free activities such as body composition analysis, consultations with a specialist, and lymphatic leg massages. The Group offers a healthcare package for employees, which can be extended to family members at an additional cost. At the end of 2024, Auto Partner S.A. ran its annual health campaign, during which head office employees received free flu vaccinations and a basic blood test package. In addition, the Group organises team-building events and trips and hosts the HR Open Door initiative – meetings held twice a month to facilitate direct communication between warehouse employees and the HR department. Group employees also have the option of bringing their pets to work. Every year, the Group actively encourages employees to bring their pets to work as part of “Bring Your Dog to Work Day.” Furthermore, the implementation of a six-shift system for employees at distribution centres aims to reduce overtime, which, along with flexible working hours for office staff, further supports employees in maintaining a healthy work-life balance

Method of tracking and assessing the effectiveness of these measures: Information on the number of employees who use these benefits is collected and analysed, including through regular employee satisfaction surveys.

The above actions were implemented during the reporting year and will be continued.

Expected outcomes: Employee satisfaction, improved workplace atmosphere and comfort, enhanced efficiency and employee motivation, lower employee turnover and higher retention rates, increased employee competencies, strengthened equal opportunities, improved team communication, and higher quality of customer service.

The Group has allocated financial and human resources to manage material impacts related to its own workforce. Key human resources include personnel from the HR, Occupational Health and Safety, and Compliance departments.

Types of actions undertaken to mitigate the risk of losing key employees and challenges in attracting qualified personnel:

The Auto Partner Group implements a range of measures aimed at reducing the risk of losing key employees and challenges in attracting qualified personnel. The Group offers competitive remuneration, which contributes to strong interest in its job offers. Additional motivational and retention initiatives include a comprehensive benefits package, such as private healthcare for employees and their families, subsidies for fitness memberships, team-building events, subsidised meals, discounts on automotive parts, and financial support for English language lessons.

Types of actions undertaken to mitigate IT-related risks:

To minimise the risk of cyberattacks that could compromise system integrity and lead to data breaches involving employee personal data, the Group has implemented robust IT security measures, including multi-layered protections, threat detection systems, and continuous monitoring of network and server infrastructure. These efforts are overseen by an internal IT department, which implements corrective measures on an ongoing basis. In 2024, an online cybersecurity training session was conducted to increase employee awareness of potential threats and best practices for prevention. The programme will be further developed and expanded on a regular basis to enhance employees’ understanding of cybersecurity risks.

Types of actions undertaken to mitigate the risk related to fire hazards at Group locations:

To reduce the risk of fire incidents that could endanger employee health and safety, the Group has implemented a comprehensive set of fire protection measures, including smoke detection systems, automated fire suppression systems, and evacuation procedures. Warehouses undergo regular safety inspections, and employees receive training in fire response and evacuation procedures. Additional preventive measures include the proper storage of flammable materials, designated storage zones, and real-time monitoring systems. These safeguards enable the early detection of potential threats and prompt response, effectively minimising the risk of property damage and ensuring the safety and health of employees.

The Group had not identified any opportunities related to its own workforce.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As at the issue date of this Report, the Auto Partner Group had not set any targets related to its own workforce. Nonetheless, the Group monitors the effectiveness of its policies, including verifying the proper functioning of whistleblowing procedures and monitoring reported incidents. The Group assesses the effectiveness of its activities as described in disclosure S1-4. The Group has not yet defined the level of ambition to be achieved nor set qualitative or quantitative indicators used to evaluate progress.

S1-6 Characteristics of the undertaking's employees

S1-6 Basic employment information – breakdown by gender of employees under employment contracts	
Gender	**Number of employees under employment contracts**
Period	**2024**
Women	1,003
Men	1,779
Other	0
Not disclosed	0
Total	**2,782**

S1-6 Basic employment information – breakdown by country with a material level of employment for employees under employment contracts	
Country	**Number of employees under employment contracts**
Period	**2024**
Poland	2,741

S1-6 Basic employment information – breakdown by type of contract and gender for employees under employment contracts					
Period	**2024**				
Gender	**Women**	**Men**	**Other**	**Not disclosed**	**Total**
Number of employees under employment contracts	1,003	1,779	0	0	2,782
Number of permanent employees	494	949	0	0	1,443
Number of temporary employees	509	830	0	0	1,339
Number of non-guaranteed hours employees	0	0	0	0	0
Number of full-time employees	990	1,759	0	0	2,749
Number of part-time employees	13	20	0	0	33

S1-6 Basic employment information – breakdown by type of contract for employees under employment contracts by region of operations	
Period	**2024**
Region	**Poland**
Number of employees under employment contracts	2,741
Number of permanent employees	1,419
Number of temporary employees	1,322
Number of non-guaranteed hours employees	0
Number of full-time employees	2,709
Number of part-time employees	32

S1-6 Turnover rate	
Period	**2024**
Number of employees under employment contracts who left the organisation during the reporting period (headcount)	881
Turnover rate	31.67%

The Auto Partner Group reports employment data based on headcount. Employees holding multiple employment contracts within different Group companies. An employee working part-time at multiple Group companies within the Group is reported as employed only by the company where their contractual working hours are highest. If contractual working hours are equal across several Group entities, the employee is reported as employed by Auto Partner S.A.

All indicators are reported as at the end of the reporting period.

The employee turnover rate is calculated using the following formula: (Number of employees who left the Group voluntarily or due to dismissal, retirement, or death / Total number of employees employed by the Group at the end of the reporting period) × 100%. The numerator includes all employees who left the Group during the year, regardless of their contract term or working hours, while the denominator is the total headcount as at 31 December 2024.

S1-7 Characteristics of non-employees in the undertaking's own workforce

S1-7 Basic employment information – individuals engaged under contracts other than employment contracts				
Period	**2024**			
	Women	**Men**	**Other**	**Not disclosed**
Number of workers with civil-law contracts (contracts of mandate, piece-work contracts, management contracts)	8	27	0	0
Number of workers with business-to-business (B2B) contracts	5	72	0	0
Number of workers under temporary employment agency contracts	147	150	0	0
Total	**160**	**249**	**0**	**0**

The most common category of non-employees, particularly those engaged under B2B contracts, includes personnel in the IT department.

The Auto Partner Group reports employment data based on headcount.

The data is reported as at the end of the reporting period.

The Group treats employees working under employment contracts and individuals cooperating under other types of agreements as mutually exclusive groups. Each category of cooperation agreement is also treated separately by the Group. Individuals appointed to management boards of multiple companies or holding multiple B2B contracts are counted only once within each agreement category, thereby avoiding double-counting within categories. However, among the total of 409 individuals cooperating under agreements other than employment contracts, there are instances where an individual holds both a B2B contract and a management board appointment, resulting in their inclusion in two separate categories in the table above. Cases involving multiple contracts across different Group entities are infrequent and immaterial for sustainability reporting purposes.

S1-10 Adequate wages

All employees of the Auto Partner Group receive adequate wages. Adequate wages are defined as the statutory minimum wages applicable in the employee's country of employment, as set by national legislation.

S1-11 Social protection

All employees of the Auto Partner Group are covered by statutory social protection systems in accordance with the laws of the respective country of employment.

S1-13 Training and skills development metrics

S1-13 Training and skills development data				
Period	**2024**			
Average number of training hours per person	**Women**	**Men**	**Other**	**Not disclosed**
Senior executives	0.00	0.00	0	0
Managers	0.38	1.13	0	0
Other employees under employment contracts	6.27	7.20	0	0
Average number of training hours per person	6.65	8.33	0	0

In 2024, the Auto Partner Group did not conduct performance and career development reviews for either employees or non-employees. Periodic reviews commenced in 2025. The Group maintains quantitative data on training participation by gender, as well as training duration. The following formula was used to calculate training metrics: (number of participants by gender x training hours per participant) / total number of employees by gender at the end of the reporting period. The numerator represents the number of employees, broken down by gender, who participated in training multiplied by the number of training hours completed. The denominator is the total number of employees by gender as at 31 December 2024.

S1-14 Health and safety metrics

S1-14 Percentage of own workforce covered by the occupational health and safety system	
Period	**2024**
Percentage of employees under employment contracts covered by the OHS system	100%

As at 31 December 2024, the number of individuals cooperating with the Auto Partner Group who were covered by the OHS system was 21.

S1-14 Health and safety metrics	
Accidents involving employees under employment contracts	
Period	**2024**
Minor accidents	49
Serious accidents	0
Fatalities	0
Group accidents	0
Total accidents	49
Accidents involving associates engaged under contracts other than employment contracts	
Minor accidents	1
Serious accidents	0
Fatalities	0
Group accidents	0
Total accidents	1
Accidents involving subcontractors working on-site	
Fatalities	0

S1-14 Other health and safety data	
Employees under employment contracts	
Period	**2024**
Number of recorded cases of work-related ill health	0
Number of days lost due to work-related injuries	1,360
Accident rate	10.48

The Group calculates the ratio for employees covered by the OHS system using the following formula: the numerator represents the number of employees under employment contracts who are covered by the OHS system as at year-end, while the denominator represents the total number of employees under employment contracts as at 31 December 2024. The Group has confirmed that non-employee workers engaged under contracts of mandate (*umowa zlecenia*) are also covered by the OHS system. To calculate the ratio for these non-employee workers, the Group uses the same formula as for employees hired under employment contracts. Specifically, the numerator is the number of non-employee workers employed under contracts of mandate as at 31 December 2024, and the denominator is the total number of non-employee workers.

In the disclosure table concerning work-related accident statistics, the Group reports the number of work-related accidents recorded in the accident register for 2024.

In 2024, the Auto Partner Group recorded 49 work-related accidents involving employees hired under employment contracts. The accident rate for 2024 was calculated and reported specifically for employees employed under employment contracts. As at year-end, the Group employed 2,782 individuals under employment contracts. The average working time was 40 hours per week for 52 weeks. To account for time off, the following were deducted: 26 vacation days, 13 public holidays, and 11 sick leave days per employee. The sick leave figure (11 days) is rounded based on the 2023 Social Insurance Institution (ZUS) report (10.83 days), as 2024 absence data were not yet available. Based on this data, the average annual working time per employee was calculated at 1,680 hours, resulting in a total of 4,673,760 hours worked.

S1-15 Work-life balance metrics

S1-15 Family-related leave				
Period	**2024**			
Gender	**Women**	**Men**	**Other**	**Not disclosed**
Percentage of employees under employment contracts entitled to take family-related leave	100%	100%	0	0
Percentage of entitled employees under employment contracts that took family-related leave	6.1%	0.6%	0	0

S1-17 Incidents, complaints and severe human rights impacts

In 2024, seven reports of potential violations were recorded. Four reports were submitted directly by employees of the Auto Partner Group, one was submitted via a legal counsel, and two were submitted anonymously. The reports primarily concerned violations of social conduct standards, including respect for subordinates and colleagues. The reports included one case of discrimination and no cases of harassment.
The Group did not incur any fines, penalties, or compensation for damages in connection with the incidents and complaints disclosed above, as no such measures were applicable.
No incidents of severe human rights violations were reported within the Group during the reporting year.

S2 Value chain workers

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Characteristics of the Auto Partner Group's value chain workers

The workforce within the Auto Partner Group's value chain is diverse in terms of geographical location, tasks performed, and professional profile. Their characteristics reflect the specific nature of the Group's global supplier network and local automotive industry partners.

Upstream (suppliers and manufacturers):

Workers in the upstream value chain are those employed by suppliers of spare parts and components used in the Group's distribution activities.

- Location: Some of these individuals work at factories located in China and other Asian countries, which also manufacture components of the Group's proprietary brands (Maxgear, Quaro, Rooks), as well as in Europe (e.g. Germany, Italy).
- Tasks performed: The manufacture, assembly, and quality checks of automotive parts, as well as the arrangement and handling of logistics related to raw materials and finished products.
- Professional profile: Mainly manual and technical workers, engineers, sales staff, and customer service representatives.

Downstream (distributors, transport providers):

Workers in the downstream value chain are employed in logistics, distribution, and sales of Auto Partner Group products:

- Location: Staff working at warehouses, logistic operators and freight transport providers based in Poland and other European countries, where packaging and distribution take place. Also included are repair workshop and store personnel serving end customers in Poland and across Europe. Given the specific nature of this disclosure and the fact that workshop-based staff are also end-users of the Group's products (using tools for repair work, etc.), they are more extensively covered in disclosure ESRS S4 – Consumers and end-users.
- Tasks performed: Logistic operations such as warehousing, order picking, and dispatching of goods, customer service at retail outlets and workshops, and provision of technical advice.
- Professional profile: Manual workers at warehouses and in logistic operations. Personnel responsible for transporting products to customers, drivers, technical advisors, sales representatives, and mechanics at retail locations and repair workshops.

All value chain workers on whom the Group may exert material impacts are included within the scope of this disclosure.

The Auto Partner Group did not identify any value chain workers who (within the prior categories or additionally) would have been particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women or young workers.

The Auto Partner Group offers a wide range of products, including its own brands, such as Maxgear, Quaro and Rooks. Parts under these labels include shock absorbers, control arms, stabiliser links, power steering pumps, brake systems, and air suspension components. Such parts are predominantly sourced from China, a country where workers may be at risk of forced labour.

The extraction of raw materials such as cobalt, copper and nickel, which are used in the manufacture of automotive components, takes place in Sub-Saharan Africa and Asia, where there is a likelihood of child labour and forced labour. The Group does not source these raw materials directly and therefore has limited leverage to verify and enforce the absence of child labour or forced labour in the remote segments of its value chain.

The identified risk of forced labour relates exclusively to workers employed by suppliers operating factories in China and in the remote segments of the value chain involving raw material extraction in Sub-Saharan African and Asian countries. The identified risk of child labour relates solely to workers in the remote part of the value chain – namely, in Sub-Saharan Africa and Asia.

Actual and potential impacts on value chain workers arise in part from the strategy and business model of the Auto Partner Group. The Group's business model is based on sourcing products from suppliers, including companies based in Asian countries, where there is a potential risk of non-compliance with human rights and labour rights. However, the Group may require its suppliers to uphold these rights, for instance through the Supplier Code of Conduct.

The Auto Partner Group's negative impacts on value chain workers are potential in nature and linked to specific business relationships (its cooperation with suppliers based in Asian countries). The Group has not identified any impacts on value chain workers resulting from processes related to transitioning to greener and climate-neutral operations.

Activities generating positive impacts include the provision of training for automotive repair professionals within the framework of the AP Training Academy.

As at the issue date of this Report, the Auto Partner Group did not identify any risks or opportunities specifically associated with its value chain workers.

As part of the materiality assessment update process, in the course of identifying material impacts, a detailed analysis of working contexts among value chain workers was carried out, taking into consideration the specific nature of tasks performed. Particular attention was given to suppliers operating factories outside the European Union, within different legislative frameworks. The identification of impacts took place during a series of meetings between the Auto Partner S.A. Management Board and the working group with external advisors, as described in disclosure ESRS 2 SBM-3.

S2-1 Policies related to value chain workers

Supplier Code of Conduct

The Auto Partner Group's Supplier Code of Conduct was developed in 2024 and formally adopted in February 2025. The Group will require all its suppliers to adhere to the values prescribed by the Code in the conduct of their own operations, so that the principles of integrity, respect for human rights, and social responsibility are embedded throughout the Group's entire value chain.

The Supplier Code of Conduct is available to stakeholders on the Auto Partner Group's website at: www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Code can be accessed via this link, allowing prospective suppliers to review its contents prior to deciding whether to submit a proposal.

Any breaches of the Supplier Code of Conduct must be documented and reported, and corrective measures must be taken. Non-compliance with the provisions of the Code may be reported by individuals employed by Group companies, supplier employees, as well as external parties, to the following addresses: sygnal.specjalista@autopartner.com or sygnal.zarzad@autopartner.com. All reports are confidential, with access to information contained therein restricted to authorised personnel only. Responsibility for handling the reports lies with the compliance department, together with an employee whose role includes procurement from the given supplier. Retaliation against reporting persons is strictly prohibited. Every supplier undertakes to make the reporting channels mentioned above available to its employees and to provide similar reporting mechanisms for its own suppliers.

For a detailed description of the Code, see disclosure G1-1.

No cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises have been recorded in the Auto Partner Group's value chain.

S2-2 Processes for engaging with value chain workers about impacts

The Auto Partner Group conducts surveys among repair workshop staff to probe opinions and assess satisfaction with the training sessions provided under the AP Training Academy. The questionnaires are distributed directly to such workers in paper form after the completion of in-person training sessions. The surveys are anonymous and serve the purpose of improving the quality of training provided under the Academy. Collected responses are reviewed by the Group, and the findings are taken into account when preparing the themes and structure of future training.

Operational responsibility for ensuring engagement with workshop staff and for incorporating the outcomes of such engagement into the Group's activities rests with the Chief Sales Officer.

The Group does not engage with value chain workers about negative impacts.

The perspectives of value chain workers are considered in the Group's decision-making processes and actions aimed at managing impacts solely with respect to improving training available through the AP Training Academy.

The Auto Partner Group has not entered into any global framework agreements or agreements with global federations of trade unions regarding the respect for human rights of value chain workers.

The Group does not currently take any steps to gain insight into the perspectives of value chain workers who may be particularly vulnerable to impacts and/or marginalised.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

The process for remedial action in cases where material negative impacts on value chain workers occur is defined in the Supplier Code of Conduct. According to the Code, if the Auto Partner Group determines that a supplier is not in compliance with the Code, the issues requiring improvement will be identified. The supplier is then required to take prompt remedial action and provide evidence of the corrective measures or improvements undertaken. Should the supplier refuse or be unable to implement such measures, the Group does not rule out the possibility of terminating the business relationship.

The procedure for reporting breaches is set out in the Whistleblowing Rules. As at the issue date of this Report, the Group did not assess whether value chain workers were aware of and trusted the aforementioned structures and processes.

The Whistleblowing Rules are available on the website www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Whistleblowing Rules can be accessed via this link. The detailed whistleblowing procedure is further described in disclosure G1-1.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Actions to address material negative impacts

The Auto Partner Group works with a broad range of suppliers, including companies based in China, which potentially may not comply with employee safety regulations, working time standards, provision of adequate wages, occupational health and safety requirements, gender equality and equal pay, prevention of violence and harassment, or equal employment opportunities, and where there is a risk of child labour and forced labour. Such issues are prevalent and systemic in the region of China, arising from local labour standards, economic pressures, and the specific characteristics of the global supply market.

As at the issue date of this Report, the Auto Partner Group has not yet taken action to mitigate the above-mentioned potential negative impacts, apart from developing the Supplier Code of Conduct, which sets forth requirements for the Group's suppliers and subcontractors. Key suppliers will be required to adhere to ethical employment and labour standards. Selected key suppliers may be audited to verify compliance with the provisions of the Code. Audits may be conducted through dialogue, surveys, information disclosure, or – if deemed necessary by the Group – an on-site inspection. Suppliers are obliged to fully cooperate fully during such audits.

The expected outcomes of these actions include compliance by the Auto Partner Group's suppliers with the provisions of the Code, which is expected to directly contribute to improved working conditions and safety for value chain workers. Any breaches of the Supplier Code of Conduct will be documented, and corrective actions will be taken. Non-compliance may be reported, also by the suppliers' own employees.

The resources allocated to the management of this material impact include human resources, primarily personnel from the compliance department and procurement department.

Actions to advance positive impacts

The Auto Partner Group exerts an actual positive impact on the development and improvement of skills among individuals employed by its business partners and repair workshops through the provision of technical training and operational support.

Throughout the year, the Group conducts numerous training sessions within the framework of the AP Training Academy. These are delivered in collaboration with suppliers, as both online and in-person sessions. For the most part, such training is offered free of charge (particularly online sessions), while specialist in-person training may be subject to a fee. The training sessions are primarily attended by mechanics (workshop owners and personnel), although some are also attended by staff of automotive parts retailers (mainly product-related training).

The abovementioned action to advance positive impacts was carried out throughout the reporting year and will be continued. In 2024, the Group conducted 533 training sessions for automotive repair professionals.

The resources allocated to the management of this impact include human resources, namely training personnel and external experts.

No severe human rights issues or incidents connected with the value chain were reported in the reporting year.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Auto Partner Group has not established any targets related to the management of impacts, risks, or opportunities concerning value chain workers. As the Supplier Code of Conduct only came into effect in 2025, the Group did not monitor its effectiveness as at the issue date of this Report. However, it intends to undertake such monitoring in the future, including through supplier audits. Currently, the Group does not have procedures in place to evaluate the effectiveness of measures addressing impacts on value chain workers. The Group has not yet defined the level of ambition to be achieved nor set qualitative or quantitative indicators used to evaluate progress.

S4 Consumers and end-users

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Consumer and end-user groups and their respective characteristics:

- Vehicle users

These are individuals who use vehicles containing automotive parts purchased from the Auto Partner Group.

- Repair workshop staff

These are individuals who use tools sold by the Group in their daily work at both authorised and independent repair workshops.

- Individual (retail) customers

These are individuals who purchase spare parts and accessories from the Group for personal use, such as DIY repairs. This is the smallest group of end-users for the Auto Partner Group.

All consumers and end-users on whom the Auto Partner Group may expert material impacts are included within the scope of this disclosure.

The Group does not offer any products that are inherently harmful to people or increase the risks for chronic disease, or any services that potentially negatively impact their rights to privacy, to have their personal data protected, to freedom of expression and to non-discrimination. Moreover, the Group does not direct its marketing and sales strategies toward consumer or end-user groups who may be particularly vulnerable to its impacts. Accordingly, such consumer and end-user categories are not identified in the Group's own operations or value chain.

Workshop staff and retail customers are consumers of the Group's products who must be provided with accurate and accessible product- or service- related information, such as manuals and product labels, to avoid potentially harmful use of a product or service. These groups may be particularly vulnerable to health-related impacts (e.g. potential incidents involving the use of tools).

The impacts on consumers and end-users identified by the Auto Partner Group are disclosed under ESRS 2 SBM-3. These impacts are not systemic or widespread but may arise from specific incidents, such as improper use of tools or incorrect installation of automotive parts by workshop staff or retail customers.

As at the issue date of this Report, the Auto Partner Group did not identify any risks or opportunities specifically associated with consumers and end-users.

How consumers and end-users with particular characteristics, or those using particular products or services, may be at greater risk of harm:

1. Consumer segmentation and identification of higher-risk groups

Retail customers lacking specialist technical knowledge are more likely to misuse products, such as workshop tools, without adequate preparation or instruction.

Workshop staff who encounter difficulties in selecting correct parts may be at greater risk of harm resulting from improper use of tools or incorrect application of parts.

End-users relying on vehicle repairs performed at workshops may be exposed to harm as a result of potential errors made by workshop staff in the selection or installation of parts.

Product and service characteristics (safety)

- Vehicle safety-critical components:

  Products such as braking systems or suspension components require special attention, as their incorrect use or installation may lead to accidents.
- Advanced diagnostic tools:

  Incorrect use of such tools may lead to faulty diagnostics, negatively impacting the quality of repairs and vehicle safety.

Training and technical support for workshop staff

Through the AP Training Academy, the Group provides technical training, mostly free of charge, to deliver detailed technical information reducing the risk of errors in the installation of spare parts.

S4-1 Policies related to consumers and end-users

The Auto Partner Group does not have in place any policies to manage material impacts of its products on consumers and end-users.

The Group has not adopted such policies having considered the nature of its business, which is primarily focused on distribution and logistics. Most of the Group's direct operations do not involve interaction with consumers and end-users, but rather with customers, which are business entities. For this reason, the Group does not plan to adopt any such policies in the near future.

S4-2 Processes for engaging with consumers and end-users about impacts

Engagement with repair workshop personnel

The Auto Partner Group actively engages with workshop-based technical staff as end-users of tools and workshop equipment. Through direct interaction, the Group collects feedback on its products (tools) and services, including training sessions organised for workshop personnel. Such interaction takes place during events such as AP Expert, as well as through sales representatives.

The Chief Sales Officer is responsible for managing engagement with workshop personnel, including gathering feedback and adjusting the Group's product offering in response. The Marketing Director is responsible for events in which workshop professionals participate.

The Auto Partner Group does not measure the effectiveness of its engagement with repair workshop personnel.

Engagement with vehicle users

Feedback from vehicle users, who make use of parts installed by repair workshops and purchased from the Auto Partner Group, is, when provided, generally conveyed via the workshops. The Group does not maintain any interactions with vehicle users and does not engage with them directly.

Engagement with individual (retail) customers

Individual customers may provide feedback on products (spare parts) directly at sales branches of the Auto Partner Group.

Responsibility for engagement with retail customers also lies with the Chief Sales Officer. However, the Group does not evaluate the effectiveness of engagement with this group, as they represent the smallest segment among the Group's consumers and end-users.

The Auto Partner Group does not take steps to gain insight into the perspectives of consumers or end-users that may be particularly vulnerable to impacts and/or marginalised. However, the Group makes every effort to ensure that reporting channels are accessible to and accommodate the diverse communication needs of consumers and end-users.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Auto Partner Group takes appropriate remedial actions to address any negative impacts on consumers or end-users, including prompt resolution of complaints or replacement of defective products. The effectiveness of such actions is evaluated based on an analysis of complaints received. However, given the nature of the Group's business model, it is rare for consumers or end-users to approach the Group directly and independently with any complaints or negative product feedback, as this is typically handled by the Group's direct customers, namely automotive repair workshops and stores.

Consumers and end-users have continuous access to complaint and return procedures via forms available at: https://autopartner.com/druki-i-formularze/

Consumers and end-users may also use the Contact section at www.autopartner.com, although direct and independent contact with the Group from this stakeholder group is uncommon.

Professionals working at repair workshops are invited to participate in events such as AP Expert and Vip to Trip, during which they can raise concerns and voice their needs in the context of the business relationship with the Group.

The Auto Partner Group also maintains the Whistleblowing Rules, which enable consumers and end-users to report violations. The procedure is available at www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Whistleblowing Rules can be accessed via this link. The Rules include safeguards to protect whistleblowers from retaliation. The detailed whistleblowing procedure is further described in disclosure G1-1.

Given the limited interaction between the Group and consumers or end-users, the Group does not assess whether these stakeholders are aware of the reporting structures or processes in place.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

During the reporting period, the Auto Partner Group undertook the following actions aimed at mitigating negative impacts on consumers and end users, particularly the potential risk of health hazards associated with the use of Group products (including tools) by car repair workshop employees and retail customers:

The Auto Partner Group ensures proper product labelling, compliance with safety standards and certifications, provides information to consumers and end-users regarding correct installation and use of its products, and ensures high product quality and defect-free manufacturing. Products distributed by the Auto Partner Group are classified in accordance with the GVO regulations and directives of the European Union. They also carry mandatory CE (Conformité Européenne) markings, confirming that the products meet the requirements of the European Union's New Approach Directives, which address user safety, health protection, and environmental protection. Product quality is confirmed by both the reputability of the brands and by certification of compliance with recognised quality and safety standards, such as ISO/TS 16949 for brake disc suppliers, or the ECE R90 quality certificate for brake pads. In addition, selected products carry voluntary certifications and markings verified by third-party certification bodies, such as the United Kingdom Vehicle Approval Authority.

These actions were implemented during the reporting year and will be continued.

Auto Partner Group does not measure the effectiveness of these actions beyond analysing warranty claims.

No human rights-related incidents concerning consumers or end-users were reported at the Auto Partner Group.

To manage material impacts concerning consumers and end users, the Group primarily allocated human resources, specifically sales department employees.

The Auto Partner Group has not identified any risks or opportunities related to consumers and end users.

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Given the nature of its operations and business model, the Auto Partner Group has not established any targets for managing material impacts, risks, or opportunities in relation to consumers and end-users. The Group does not monitor the effectiveness of measures taken to manage material impacts.

IV. Governance

G1 Business conduct

G1-1 Business conduct policies and corporate culture

The foundation of business conduct within the Auto Partner Group is a set of internal regulations, including policies and procedures that support the Group in conducting its operations ethically.

Code of Ethics

The Auto Partner Group Code of Ethics is the overarching document defining the principles of conduct applicable to the Group's entire own workforce.

The Code of Ethics was approved by the Management Board of the Auto Partner Group, which holds responsibility for regularly monitoring compliance with its provisions and updating the document based on relevant findings. The Code is reviewed every two years. The responsibility for reviewing the continued relevance of the Code rests with the Compliance Department. The effectiveness and awareness of the Code's provisions are reviewed every two years through the following measures:

- consultations with employee representatives, including surveys and meetings,
- monitoring of ethics-related training processes, such as onboarding modules and periodic training on ethical conduct.

The Code of Ethics is binding on the Management Board of the Auto Partner Group and all individuals providing work for the Group under employment contracts, contracts of mandate, or other civil-law agreements, as well as on the Group's business partners.

The Auto Partner Group is committed to respecting internationally recognised human rights, in particular those set out in:

- International Bill of Human Rights,
- Charter of Fundamental Rights of the European Union,
- Ten Principles of the United Nations Global Compact,
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and related conventions,
- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights.

The universal ethical values upheld by the Auto Partner Group include:

1. Integrity

Respect
Quality
Professionalism
Responsibility
Confidentiality
Loyalty.

Key provisions of the Code include:

1. Mutual respect is required among all members of the Group, regardless of position or job function.

The Group follows a policy of equal treatment and opportunities for all. Employment and cooperation decisions are based on merit, in particular an individual's professionalism and competence. Decisions based on non-merit factors, such as gender, sexual orientation, age, health status, race, religion, nationality, or other aspects of private life, are strictly prohibited. The Group does not tolerate any form of discrimination.

Any form of harassment, including sexual harassment, is strictly prohibited.

The Group strives to ensure a safe and comfortable work environment. Any form of harassment, including sexual harassment, is strictly prohibited.

The Group respects the right to freedom of association and does not restrict or require membership in trade unions.

The Group maintains a zero-tolerance policy for forced labour and human trafficking.

In accordance with applicable national and international law, including ILO Convention No. 138, the Group does not employ or tolerate child labour and expects the same from its suppliers and business partners.

The health and safety of employees is a top priority for the Group.

Employees and associates are required to refrain from any conduct that could give rise to suspicion of involvement in corruption, bribery, fraud, or other unlawful practices.

The Group avoids situations that could give rise to a conflict of interest. A conflict of interest arises when an employee, acting in their own interest or on behalf of a third party, engages in conduct that is contrary to the best interests of the Group.

The Group ensures the protection of employee and trade partner data. Employees are required to maintain confidentiality and protect both the Group's proprietary information and that of its customers and trade partners.

The professional development of employees is a key priority and essential to achieving business goals, therefore the Group supports the growth of employee skills and competencies.

The Group fully respects the privacy rights of its employees.

The highest governance body responsible for implementing the Code across the Auto Partner Group is the Management Board.

Where the Group causes or contributes to adverse impacts on human rights, it is committed to taking remedial action and cooperating with judicial or non-judicial mechanisms to ensure effective access to remedies or corrective measures.

The Code of Ethics is available on the website www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Code can be accessed via this link.

Anti-Corruption Code

The Anti-Corruption Code of Auto Partner S.A. complements and expands the Code of Ethics in the area of anti-corruption policy. The purpose of the Code is to mitigate the risk of corruption – both in external and internal relations across the Auto Partner Group – and to eliminate or significantly reduce the potential for misconduct by fostering a modern organisational culture rooted in ethical conduct and mutual trust between employees and the management of Auto Partner S.A.

The Anti-Corruption Code applies to the Management Board and Supervisory Board of Auto Partner S.A., the management boards of the Group's subsidiaries, the Group's business partners, and all employees of the Auto Partner Group – regardless of the type of employment relationship, working hours, job position, or place and time of work.

The Management Board is responsible for establishing, documenting, implementing, maintaining, reviewing, and improving the anti-corruption management system. It is also tasked with approving the anti-corruption policy of Auto Partner S.A. The Supervisory Board is responsible for monitoring and overseeing any irregularities related to anti-corruption efforts undertaken by the Management Board, senior executives, employees, business partners, and other affiliated individuals. The role of Compliance Officer has been established to support the implementation of the Code. The Compliance Officer is empowered to monitor corruption risks on an ongoing basis, raise employee awareness, receive reports under the internal whistleblowing policy, design processes to mitigate risk (including internal controls), and provide advisory and implementation support for the Anti-Corruption Code. The Management Board is obliged to ensure the Compliance Officer operates with full independence and autonomy to effectively fulfil their responsibilities.

Key elements of the Anti-Corruption Code include:

- methods for identifying corruption risks,
- procedures for reviewing costs and expenditures (including both financial and non-financial controls),
- procedure for screening trade partners for compliance and corruption risks,
- rules for managing conflicts of interest,
- rules for effective whistleblowing procedures,
- procedures for notifying public authorities of identified irregularities,
- accountability framework for violations of the Code,
- policy on the giving and accepting gifts, gift register,
- policy governing donations and sponsorships,
- measures to prevent theft and misappropriation of Auto Partner S.A. property.

The highest governance body responsible for implementing the Code across the Auto Partner Group is the Management Board.

The Anti-Corruption Code is available on the website www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Code can be accessed via this link.

Whistleblowing Rules

Auto Partner S.A. has adopted Whistleblowing Rules that define the internal procedure for reporting violations/irregularities, taking follow-up actions, and protecting whistleblowers.

A reportable violation under the Rules is any act or omission that is unlawful or intended to circumvent applicable legal provisions, including but not limited to:

1. Act of 29 July 2005 Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, or Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC,

data privacy and protection regulations,

tax legislation,
network and IT systems security,
environmental protection,
labour law and occupational health and safety regulations,
financial services, products, and markets,
prevention of money laundering and terrorist financing,
product safety and compliance,
EU internal market, including competition and state aid rules and corporate taxation.

Reports may also concern:

1. violations of internal regulations of Auto Partner S.A., including any procedures or ethical standards,

non-compliance with employee obligations arising from internal rules or legal provisions,
any corruption-related proposals,
actions detrimental to Auto Partner S.A., including damage to company assets and data falsification,
criminal activity.

According to the Whistleblowing Rules, there are two whistleblowing channels:

1. Dedicated email addresses for the Management Board, Supervisory Board, and Compliance Officer sygnal.specjalista@autopartner.com, sygnal.zarzad@autopartner.com, sygnal.rada@autopartner.com,

traditional mail, addressed to 43-150 Bieruń, ul. Ekonomiczna 20, marked 'To the attention of the Management Board/Supervisory Board/Compliance Officer'. If the envelope is not marked, the report is delivered to the Management Board.

Reports are reviewed by the Compliance Officer. A sample reporting register is included as Appendix 2 to the Whistleblowing Rules. Acknowledgment of receipt is sent to the whistleblower within seven days of submission. The Compliance Officer appoints an investigative committee composed of the Compliance Officer, the HR Manager, and other relevant personnel depending on the subject matter of the report. The report must be reviewed without undue delay and no later than 30 days from receipt, provided that all necessary documentation and evidence can be gathered within this timeframe.

If the report is valid, remedial actions or other necessary measures are implemented. The committee prepares a final report for the Management Board or Supervisory Board. This report includes the established facts, identified irregularities and their root causes, the scope and consequences of the irregularities, and the individuals responsible. Accompanying the report are proposed actions, including:

- holding a discussion with the subject of the report,
- issuing disciplinary or financial penalties,
- contract termination,
- job role changes or reassignments,
- preventive managerial or organisational recommendations,
- amendments to internal procedures,
- civil-law actions, such as contract enforcement, damage remedy, compensation payment,
- referral to competent authorities, as required by law,

- closing the case with no further action if the report is deemed invalid.

A whistleblower protection policy has been implemented to ensure anonymity, confidentiality, and protection from retaliation by supervisors, or colleagues. All reports are handled according to the principles of impartiality and objectivity Whistleblowers are granted special status and safeguarded from retaliation, harassment, discrimination, exclusion, or intimidation. Termination of employment or contract in retaliation for a report is strictly prohibited. The whistleblower is protected even if the reported violation, submitted in good faith, is not confirmed by the investigation. Any form of retaliation or unjust treatment constitutes a breach of the Whistleblowing Rules and may result in disciplinary action or termination of employment or contractual relationship, as well as legal liability under applicable law. Whistleblowers who experience retaliation or discrimination should immediately notify the Compliance Officer. If the report is confirmed, Auto Partner S.A. will take appropriate measures to protect the whistleblower. Training for staff receiving reports is conducted through participation in webinars organised by the Polish Association of Listed Companies (SEG) and PCS Paruch Chruściel Schiffter Stępień Kanclerz.

The highest governance body responsible for implementing the Whistleblowing Rules across the Auto Partner Group is the Management Board.

The Whistleblowing Rules are available on the website www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Whistleblowing Rules can be accessed via this link.

Supplier Code of Conduct

The Auto Partner Group's Supplier Code of Conduct was developed in 2024 and formally adopted in February 2025. The Code sets out the core values and principles that underpin the Group's operations and are considered fundamental to its business. In 2025, the Group will require all its suppliers to adhere to the values prescribed by the Code in the conduct of their own operations, so that the principles of integrity, respect for human rights, and social responsibility are embedded throughout the Group's entire value chain.

The provisions of the Supplier Code of Conduct apply to all suppliers to the Group (entities providing products or services to Group companies), irrespective of the type of business activity, method of delivery, location, or cultural differences.

Responsibility for overseeing the content of the Code, implementing procedures for its communication, and supervising the process for handling reported breaches lies with the Compliance Officer.

Responsibility for ensuring that suppliers read and ratify the Code rests with the Head of the Procurement Department.

The provisions of the Auto Partner Group's Supplier Code of Conduct are based on legal standards and internationally recognised guidelines regarded as the sources of best practice in ethical business conduct, including:

- Universal Declaration of Human Rights,
- Charter of Fundamental Rights of the European Union,
- Ten Principles of the United Nations Global Compact,

- ILO (International Labour Organization) conventions, such as Convention No. 29 concerning Forced or Compulsory Labour,
- OECD Guidelines for Multinational Enterprises,
- United Nations Guiding Principles on Business and Human Rights.

Key provisions of the Code include:

1. Every supplier commits to upholding the prohibition of child labour,
2. Every supplier is required to provide decent working conditions and uphold the fundamental principles of forced labour prevention,
3. Every supplier should ensure an organisational culture that promotes equality among all employees, regardless of individual physical or mental characteristics, age, race, nationality, sexual orientation, gender, level of education, professional qualifications, health status, disability, national or ethnic origin, political convictions or social views, religion or lack thereof, place of residence, family, financial or social status, work experience, job position, trade union membership, or the basis and scope of employment,
4. Every supplier should implement effective internal mechanisms to prevent workplace bullying and harassment,
5. Every supplier should ensure a safe working environment that is free from health hazards, with the aim of minimising safety and health risks and supporting efforts to prevent workplace accidents,
6. Every supplier should provide its employees with fair working hours and fair wages,
7. Every supplier is obliged to respect its employees' right to freedom of association,
8. Every supplier and its employees should act with integrity, free from any personal conflict of interest or obligation (anti-corruption),
9. Every supplier should respect the right to privacy of data subjects whose personal data is processed,
10. Every supplier should safeguard information related to cooperation with the Group and take appropriate steps to protect its confidentiality, integrity, and availability,
11. Every supplier should comply with applicable environmental laws relevant to the impact of its operations and strive to minimise its environmental footprint.

During the development of the Code, every effort was made to ensure that key stakeholders were included in the drafting process. To this end, the document was shared with suppliers for consultation, giving them the opportunity to submit comments, which were subsequently reviewed by the team responsible for drafting the policy and by the Compliance Department. In addition, the document was reviewed by external sustainability experts.

The highest governance body responsible for implementing the Code across the Auto Partner Group is the Management Board.

The Supplier Code of Conduct is available to stakeholders on the Auto Partner Group's website at www.autopartner.com in the Investor Relations/Corporate Governance section. The full text of the Code can be accessed via this link, allowing prospective suppliers to review its contents prior to deciding whether to submit a proposal.

The Group reserves the right to periodically review and amend the Supplier Code of Conduct to ensure alignment with evolving legal requirements or ethical standards. The Code will be reviewed and, if necessary, updated every two years, unless changes in legal or factual circumstances require an earlier revision. Suppliers will be notified of any updates to the Code at least 30 days in advance.

Corporate culture

Corporate culture at the Auto Partner Group is primarily shaped by the Code of Ethics, which defines the Group's core ethical values. The Group fosters and promotes its corporate culture by nurturing strong relationships with employees and engaging them in the Group's operations, building trust and loyalty among customers, and maintaining solid partnerships with suppliers.

Other documents that establish the Auto Partner Group's values and expected standards of conduct include the Anti-Corruption Code and the Procedure for the Prevention of Discrimination, Harassment and Workplace Bullying, as described in disclosure S1-1. The Group is committed to maintaining consistency throughout its value chain, which is why it has developed a Supplier Code of Conduct. The Group prioritises enabling talented employees to realise their full potential. A key initiative in this area is the AP Development University, outlined in disclosure S1-4. The Group also delivers targeted training campaigns to raise awareness on key issues, such as whistleblowing and cybersecurity, delivered in a format that is accessible to all employees. Following the cybersecurity training, employees completed a knowledge assessment to confirm their understanding. These initiatives are examples of tools used to reinforce and promote the Group's organisational culture. At the conclusion of the campaign, employees were invited to complete anonymous surveys to assess corruption risk at Auto Partner S.A.

Once a year, the Supervisory Board receives a compliance report for the Auto Partner Group, which serves as a basis for discussions with the governing bodies regarding the Group's corporate culture. Members of the Management Board promote the corporate culture by establishing and updating internal policies and documentation, as well as by organising awareness campaigns, training sessions, and internal meetings.

The Auto Partner Group does not currently have a dedicated policy governing internal training on business conduct.

The functions within the Group that are most at risk in respect of corruption and bribery are foreign sales representatives.

The Auto Partner Group has identified one business conduct-related risk specific to the Group, which concerns threats to IT systems.

To mitigate this risk, the Group has taken numerous measures, including implementing robust IT security mechanisms, including multi-layered protections, threat detection systems, and continuous monitoring of network and server infrastructure. Responsibility for the security of IT systems rests with the in-house IT department, which also provides ongoing support to employees with respect to actual or potential incidents (including reporting suspicious or infected email messages). In 2024, an online cybersecurity training was conducted to enhance employee awareness of potential cyber threats and methods of their prevention.

G1-3 Prevention and detection of corruption and bribery

The system for preventing and addressing allegations and incidents of corruption or bribery is described in the Anti-Corruption Code, as outlined in disclosure G1-1.

The Compliance Officer is responsible for submitting reports on key activities carried out under the Code, identified irregularities, and recommended remedial actions to the Management Board and, at its discretion, to the Supervisory Board or the Audit Committee. The Supervisory Board, Audit Committee, Management Board, and Compliance Officer remain in regular contact to monitor the effectiveness of the anti-corruption framework. As required – and at least once a year, by 31 March of the following year – a report is prepared for the Audit Committee detailing the actions taken and risks identified in the previous year. Based on this report and verbal clarifications, the Audit Committee provides a concise evaluation of the adequacy, efficiency, and effectiveness of the anti-corruption system. The Compliance Officer is ensured the ability to report directly to the Management Board, the Supervisory Board, and the Audit Committee. Investigations into corruption incidents are conducted by individuals independent of management structures involved in the respective case.

The Anti-Corruption Code is available on the Group's website, on the Auto Partner S.A. intranet, and in printed form at company premises. All employees of Auto Partner S.A. are encouraged to consult the Management Board or the Compliance Officer for guidance on the interpretation of the Code. The Management Board organises training for employees of Auto Partner S.A. on the anti-corruption rules and procedures applicable within the company.

Anti-corruption training sessions were held in 2023, which included:

1. review and redistribution of documents governing ethical conduct within the Group,
2. understanding corruption,
3. rules, including prohibitions, regarding the acceptance of gifts in business contexts,
4. defining acts of unfair competition,
5. procedures for reporting incidents.

The training was delivered in the form of an interactive webinar (video), after which employees completed a knowledge assessment test. From 1 March 2023, an educational campaign titled 'Why Good People Do Bad Things' was conducted among employees and associates of Auto Partner S.A. to introduce the concept of whistleblowing within the organisation. The campaign consisted of a five-episode mini-series and was concluded with a knowledge quiz.

In 2023, 100% of individuals in positions identified as exposed to corruption risk participated in the anti-corruption training programme. Although no training sessions specifically addressing corruption and bribery were conducted during the reporting year, the Auto Partner Group intends to deliver such training in the coming years. Members of the Management Board of Auto Partner S.A. took part in the anti-corruption training.

The principles and procedures established under the Anti-Corruption Code are intended to be applied consistently across the entire Auto Partner Group.

G1-4 Incidents of corruption or bribery

No incidents of corruption or bribery were identified within the Auto Partner Group during the reporting period.

G1-5 Political influence and lobbying activities

The Auto Partner Group contributes to shaping the legislative landscape of the automotive industry through its membership in the Association of Automotive Parts Distributors and Manufacturers (SDCM). Membership contributions support advocacy efforts related to the automotive sector and are classified as lobbying activities. Through its affiliation with European organisations CLEPA (European Association of Automotive Suppliers) and FIGIEFA (International Federation of Automotive Aftermarket Distributors), SDCM plays an active role in shaping legislative decisions.

The Group's positive impact in this area stems from its support of efforts to improve sector-specific legislation. Potential adverse impacts may arise from advocating for the interests of an industry associated with greenhouse gas emissions and climate change.

The Auto Partner Group does not adopt formal positions on issues addressed by its affiliated organisations, as its role within them is limited to passive membership.

Political contributions provided	2024
Contribution to SDCM	PLN 44,484

The Group has not made any in-kind political contributions.

G1-6 Payment practices

The Auto Partner Group takes measures to prevent late payments to suppliers, including maintaining a low level of debt relative to EBITDA and employing an electronic invoice management system, which minimises the risk of late processing and payment.

The Auto Partner Group settles payments on average within 23 days. Payment terms are individually negotiated with each supplier, with the most common contractual payment terms within the Group being 7, 14, 21, 30, 45, and 60 days. 71.7% of supplier invoices received have standard payment terms. The Group currently has no outstanding court proceedings for late payments.

The average payment period was calculated based on invoices received in 2024, excluding intra-Group invoices. The figure represents the average number of days between the invoice issue date and the payment date.

This Report was authorised for issue on 14 April 2025.

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 Board of Management