Separate financial statements of Auto Partner S.A. for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards endorsed by the European Union

The document is a PDF copy of the official separate financial statements 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.

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(all amounts in PLN thousands, unless stated otherwise)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 31 December 2024	31 December 2023
STATEMENT OF PROFIT OR LOSS			
Revenue from contracts with customers	3	4,111,034	3,654,733
Cost of sales	4	(3,017,245)	(2,700,312)
Gross profit		**1,093,789**	**954,421**
Distribution costs and marketing expenses	4	(467,491)	(398,592)
Warehousing costs	4	(305,075)	(241,766)
Management and administrative expenses	4	(41,694)	(36,933)
Other gains/(losses), net	5	(3,888)	1,614
Other income	6	4,352	998
Other expenses	6	(6,287)	(970)
Operating profit		**273,706**	**278,772**
Finance income	7	11,262	19,210
Finance costs	8	(28,789)	(27,389)
Profit before tax		**256,179**	**270,593**
Income tax	9	(48,022)	(49,568)
Profit from continuing operations		**208,157**	**221,025**
Net profit		**208,157**	**221,025**
OTHER COMPREHENSIVE INCOME			
Net other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**208,157**	**221,025**
Earnings per share (PLN per share)			
basic earnings per share from continuing operations (PLN)		1.59	1.69
Basic earnings per share (PLN)	10	**1.59**	**1.69**
diluted earnings per share from continuing operations (PLN)		1.59	1.69
Diluted earnings per share (PLN)	10	**1.59**	**1.69**

(all amounts in PLN thousands, unless stated otherwise)

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Non-current assets			
Intangible assets	12	34,926	34,944
Property, plant and equipment	11	379,236	329,607
Investments in related entities	13	45,555	45,443
Investments in other entities	13	110	110
Other long-term receivables	16	4,187	4,368
Total non-current assets		**464,014**	**414,472**
Current assets			
Inventories	15.1	1,027,721	938,505
Contract assets	15.2	23,821	19,366
Trade and other receivables	16	420,891	360,543
Current tax assets	9	-	1,257
Cash and cash equivalents	23.1	35,116	32,386
Total current assets		**1,507,549**	**1,352,057**
Total assets		**1,971,563**	**1,766,529**
EQUITY AND LIABILITIES			
Equity			
Share capital issued	17	13,062	13,062
Share premium	17	106,299	106,299
Other components of equity	17	2,103	2,103
Retained earnings	17	1,135,836	947,272
Total equity		**1,257,300**	**1,068,736**
Non-current liabilities			
Long-term borrowings	18	158,092	104,145
Lease liabilities	21	175,882	151,414
Employee benefit obligations and provisions	24	856	1,527
Deferred tax liabilities	9	43,599	36,781
Total non-current liabilities		**378,429**	**293,867**
Current liabilities			
Trade and other payables	20.1	128,567	139,796
Contract liabilities	20.2	33,406	26,896
Short-term borrowings	18	94,623	159,681
Lease liabilities	21	36,024	36,866
Current tax liabilities	9	1,467	-
Employee benefit obligations and provisions	24	33,890	32,251
Short-term provisions	19	7,857	8,436
Total current liabilities		**335,834**	**403,926**
Total liabilities		**714,263**	**697,793**
Total equity and liabilities		**1,971,563**	**1,766,529**

(all amounts in PLN thousands, unless stated otherwise)

SEPARATE STATEMENT OF CASH FLOWS

indirect method	Note	Period ended	
	23	**31 December 2024**	**31 December 2023**
Cash flows from operating activities			
Profit before tax		**256,179**	**270,593**
Adjustments:		**(84,373)**	**(92,739)**
Depreciation and amortisation		53,653	42,882
Foreign exchange gains/(losses)		2,382	(4,302)
Adjustments for gains/(losses) on sale of non-current assets		65	(236)
Other adjustments with cash flows from financing or investing activities		(122)	(104)
Finance costs		26,794	27,269
Finance income		(225)	(225)
Gain on interest in subsidiary		(10,621)	(14,874)
Change in inventories		(89,216)	(36,783)
Change in contract assets		(4,455)	(5,782)
Change in trade and other receivables		(64,731)	(71,278)
Change in trade and other payables		(4,993)	(41,413)
Change in contract liabilities		6,510	7,585
Change in employee benefit obligations and provisions		389	4,522
Other adjustments		197	-
Cash from operating activities		**171,806**	**177,854**
Income tax paid		(38,480)	(52,730)
Net cash from operating activities		**133,326**	**125,124**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(45,414)	(37,979)
Disposal of property, plant and equipment and intangible assets		214	124
Profit distributions from subsidiaries		13,765	13,213
Loans		(3,260)	(3,537)
Repayment of loans		3,210	3,541
Acquisition of shares in subsidiaries		(112)	-
Interest received		122	104
Net cash from investing activities		**(31,475)**	**(24,534)**
Cash flows from financing activities			
Dividend paid		(19,593)	(19,593)
Credit facilities received		9,971	-
Repayment of credit facilities		(19,860)	(11,952)
Payment of lease liabilities		(43,192)	(43,027)
Interest and fees paid		(26,010)	(25,175)
Other cash used in financing activities – corporate surety		(681)	(681)
Other cash provided by financing activities – corporate surety		225	225
Net cash from financing activities		**(99,140)**	**(100,203)**
Increase/(decrease) in cash before effect of exchange rate changes		**2,711**	**387**
Effect of exchange rate changes on cash		19	(32)
Increase/(decrease) in cash after effect of exchange rate changes		**2,730**	**355**
Cash and cash equivalents at beginning of period		**32,386**	**32,031**
Cash and cash equivalents at end of period		**35,116**	**32,386**

(all amounts in PLN thousands, unless stated otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital issued	Share premium	Capital from issue of warrants	Retained earnings	Total equity
As at 1 January 2024	**13,062**	**106,299**	**2,103**	**947,272**	**1,068,736**
Net profit	-	-	-	208,157	**208,157**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**208,157**	**208,157**
Dividends paid	-	-	-	(19,593)	**(19,593)**
Total changes in equity	**-**	**-**	**-**	**188,564**	**188,564**
As at 31 December 2024	**13,062**	**106,299**	**2,103**	**1,135,836**	**1,257,300**

	Share capital issued	Share premium	Capital from issue of warrants	Retained earnings	Total equity
As at 1 January 2023	**13,062**	**106,299**	**2,103**	**745,840**	**867,304**
Net profit	-	-	-	221,025	**221,025**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**221,025**	**221,025**
Dividends paid	-	-	-	(19,593)	**(19,593)**
Total changes in equity	**-**	**-**	**-**	**201,432**	**201,432**
As at 31 December 2023	**13,062**	**106,299**	**2,103**	**947,272**	**1,068,736**

NOTES

1. About Auto Partner S.A.

1.1. Principal business

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

1.2. About Auto Partner S.A.

Name of the reporting entity: Auto Partner S.A.

Registered address: ul. Ekonomiczna 20, 43-150 Bieruń, Poland.

Principal place of business: Auto Partner S.A. conducts operations mainly in Poland.

Legal form: Joint stock company (*spółka akcyjna*). The Company is entered in the National Court Register at the District Court for Katowice-Wschód, 8th Commercial Division of the National Court Register, under No. KRS 0000291327.

Tax Identification Number (NIP): 6340011017

Industry Identification Number (REGON): 276249079

Legal Entity Identifier (LEI): 259400NXH0FT0MF6PV21

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

1.3. Composition of the Management Board as at the date of authorisation of these financial statements for issue

Aleksander Górecki – President of the Management Board

Andrzej Manowski – Vice President of the Management Board

Piotr Janta – Vice President of the Management Board

Tomasz Werbiński – Member of the Management Board

1.4. Composition of the Supervisory Board as at the date of authorisation of these financial statements for issue

Jarosław Plisz – Chair of the Supervisory Board

Bogumił Woźny – Deputy Chair of the Supervisory Board

Andrzej Urban – Member of the Supervisory Board

Bogumił Kamiński – Member of the Supervisory Board

Mateusz Melich – Member of the Supervisory Board

1.5. Auditor

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

1.6. Listing venue

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

2. Principles for preparation of financial statements

2.1. Statement of compliance

These full-year separate financial statements (the "financial statements") of the Company for the period from 1 January to 31 December 2024 and for the comparative period of the previous year have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union, issued and effective for reporting periods beginning 1 January 2024. The accounting policies applied in the preparation of these financial statements are consistent with the policies applied in the preparation of the financial statements for the financial year ended 31 December 2023.

The data contained in these financial statements is presented in PLN thousands, unless more accurate data is provided in specific cases.

These separate financial statements of Auto Partner S.A. are presented alongside the consolidated financial statements of the Auto Partner Group, issued on the same day. For information on the Group's subsidiaries, see Note 13.

2.2. Going concern

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

2.3. Basis of accounting

These financial statements have been prepared on a historical cost basis.

2.4. Amendments to standards and interpretations in 2024

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU have been applied for the first time in 2024:

Amendment to IFRS 16 *Leases*
The amendments to IFRS 16 *Leases* clarify certain issues concerning subsequent measurement of a lease liability in the case of sale and leaseback transactions which satisfy the criteria under IFRS 15 to be accounted for as a sale. The amendments require that a seller-lessee subsequently measure lease liabilities arising in leasebacks in such a way as not to recognise any gain or loss relating to the right of use it retains. The new requirement is of particular importance where a leaseback involves variable payments that do not depend on an index or rate, as under IFRS 16 such payments are not 'lease payments'.

Amendments to IAS 1 *Presentation of Financial Statements*
The amendments to IAS 1 clarify the criteria for classifying liabilities as current and non-current, and address the classification of liabilities when the entity is required to comply with certain covenants. The amended IAS 1 provides that liabilities are classified as current or non-current depending on the rights existing at the end of the reporting period. The classification does not depend on the entity's expectations or events after the reporting date (for example, covenants under credit facility agreements with which the entity must comply after twelve months from the reporting date).

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* introduced new disclosure requirements for supplier finance arrangements (e.g. reverse factoring). Entities are required to disclose specific information about supplier finance arrangements to enable users of financial statements to assess how they affect the entity's liabilities and cash flows and understand their effect on the entity's exposure to liquidity risk. The amendments aim to enhance transparency of disclosures on finance arrangements but do not change the principles of recognition and measurement.

The Company has assessed the amendments listed above and found that they have not had a material effect on the financial statements.

Listed below are the issued standards and interpretations that are not yet effective and have not been early adopted by the Company.

The Company resolved not to early adopt in these financial statements the following issued standards, interpretations, or amendments to existing standards prior to their effective dates:

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*
In August 2023, the IASB published amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, which are intended to help entities determine whether a currency is exchangeable for another currency and estimate the spot exchange rate if it is not. In addition, where a currency is not exchangeable, the amended standard requires disclosure of additional information on how an alternative exchange rate is determined. The amendments are effective for financial statements for periods beginning on or after 1 January 2025. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendments to the classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7.
In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- clarify the date of recognition and derecognition of certain financial assets and liabilities, with exemption for certain financial liabilities settled through electronic transfer;
- clarify and add further guidance on the assessment of whether a financial asset meets the SPPI test;
- add new disclosure requirements for certain instruments whose contractual terms may change cash flows; and
- update disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are effective for financial statements for periods beginning on or after 1 January 2026. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Annual Improvements to IFRS Accounting Standards

Annual Improvements to IFRS Accounting Standards amend the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.

The amendments clarify the guidance on recognition and measurement. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued targeted amendments to assist entities in more accurately reflecting the financial effects of contracts referencing nature-dependent electricity, which are often structured as power purchase agreements (PPAs). Existing guidance may not fully capture the impact of these contracts on the entity's financial performance. To address this, the IASB introduced amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, which include:

a) clarifying the application of the 'own-use' exemption;
b) permitting hedge accounting when such contracts are used as hedging instruments; and;
c) introducing new disclosure requirements to enable stakeholders to understand the effects of these contracts on the entity's financial performance and cash flows.

As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosures in Financial Statements*, a new standard replacing IAS 1 Presentation of Financial Statements, effective from 1 January 2027. The main changes compared with the previous standard pertain to the statement of profit or loss, required disclosures about performance measures, and the aggregation and disaggregation of information contained in financial statements. The new standard is effective for financial statements for periods beginning on or after 1 January 2027. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

In May 2024, the IASB issued a new standard IFRS 19, which may be adopted by certain subsidiaries applying IFRS Accounting Standards to improve the effectiveness of disclosures in their financial statements. The new standard specifies reduced disclosure requirements. An eligible subsidiary that applies IFRS 19 is required to apply the requirements in other IFRS Accounting Standards, except for disclosure requirements. For disclosure requirements, it applies IFRS 19 instead of the disclosure requirements in other IFRS Accounting Standards. Eligible subsidiaries are entities that do not have public accountability, as defined in the new standard. In addition, IFRS 19 requires that the ultimate or any intermediate parent should produce consolidated financial statements available for public use that comply with IFRS Accounting Standards. Eligible entities may elect to apply the guidance provided in IFRS 19 for financial statements for periods beginning on or after 1 January 2027. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

IFRS 14 *Regulatory Deferral Accounts*

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

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

The amendments addressed the previous conflict between the requirements of IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. If the non-monetary assets constitute a business, the investor recognises full gain or loss resulting from the transaction. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss only to the extent of unrelated investors' interests in the associate or joint venture. The amendments were issued on 11 September 2014. As at the date of these financial statements, the European Union had postponed the endorsement of the amendments.

The amendments listed above will have no material effect on the financial statements.

2.5. Material judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Management Board of the Company to use judgements and estimates which affect the applied accounting policies and the amounts of reported assets, liabilities, income and expenses. Judgements and estimates are reviewed on an ongoing basis. A change in estimates is recognised in profit or loss for the period in which the change occurred. During the reporting period, there were no material changes in judgements and estimates. Please refer to note 2.9 for details.

2.6. Seasonality

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

2.7. Functional currency and reporting currency

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

2.8. Significant accounting policies

2.8.1. Property, plant and equipment

Property, plant and equipment comprises owned property, plant and equipment, leasehold improvements, property, plant and equipment under construction, and property, plant and equipment held for use (where the agreement transfers substantially all the risks incident to ownership) that are used by the Company in its operations and have a useful life exceeding one year.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation charges made to account for impairment due to wear and tear or the passage of time reduce the value of property, plant and equipment (except for property, plant and equipment under construction). The Company recognises depreciation charges on property, plant and equipment in equal instalments each month on a straight-line basis. Depreciation of property, plant and equipment begins from the month following the month in which an item of property, plant and equipment is available for use and entered in the register of assets, until the end of the month in which the total amount of depreciation charges equals the asset's initial value or in which the asset is designated for retirement, sold or identified as missing. The Company applies the practical expedient in accordance with IAS 38.97, which, according to the Management Board's judgement, does not have a material effect on its financial statements. Property, plant and equipment are depreciated on a systematic and planned basis over a fixed depreciation period. The length of the period, the rate and the method of depreciation are determined at the date the asset is available for use. Useful lives, depreciation methods and residual values are reviewed annually. Depreciation at a new rate determined as a result of such review starts as of the beginning of the financial year immediately following the year in which the review was carried out (prospectively). The Company depreciates its property, plant and equipment taking into account their useful lives reflecting actual wear and tear of the assets, on a straight-line basis, at the following rates:

- buildings and premises – 2.5%-10%,

– steam generators and power units – 2.5%-10%,

– general-purpose machinery, equipment and apparatus – 10%-25%,

– technical equipment – 10%-30%,

– vehicles – 10%-40%,

– tools, instruments, movables and equipment not elsewhere classified – 5%-30%.

Assets held under a lease contract are depreciated over their expected period of economic use in accordance with the same rules as own assets. When there is no reasonable certainty that ownership will be transferred at the end of the lease term, the assets are depreciated over the non-cancellable period of the lease.

2.8.2. Intangible assets

Intangible assets are identifiable intangible assets with definite useful lives, intended for the needs of the entity, which are controlled by the Company and from which the Company is likely to obtain future economic benefits. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a systematic and planned basis over a fixed amortisation period. The rate and the method of amortisation are determined at the date the intangible asset is available for use. Useful lives, the amortisation method and residual values are reviewed at the end of the financial year. Effects of changes in estimates are accounted for prospectively. If there is an indication of impairment, the Management Board initiates procedures to determine the amount of impairment loss. Intangible assets are amortised in equal instalments on a monthly basis using the straight-line method, taking into account their useful lives and at the following rates:

- licences and software: 10–20%

Licences for computer software are measured at cost, which includes the purchase price and expenditures incurred to make the software ready for its intended use.

Costs of software maintenance are expensed when incurred, unless they relate to a longer period, in which case they are accounted for proportionately through accrued expenses.

2.8.3. Property, plant and equipment under construction

Property, plant and equipment under construction are measured at purchase cost or at cost directly attributable to their production, less any impairment losses. If property, plant and equipment under construction are financed with borrowings, their value is increased by borrowing costs. Leased property, plant and equipment under construction include lease contract assets not yet commissioned at end of period.

2.8.4. Investments in subsidiaries

Investments in subsidiaries are recognised at cost less any impairment losses. Subsidiaries are entities controlled by the Parent. In accordance with IFRS 10, an investor controls an investee if the investor has:

- power over the investee,

- exposure, or rights, to variable returns from its involvement with the investee,

- the ability to use its power over the investee to affect the amount of the investor’s returns.

The degree of control is assessed based on existing and potential voting rights that are exercisable or convertible as at the reporting date. As at each reporting date, the Company assesses whether there are indications of impairment of its investments in subsidiaries.

2.8.5. Impairment of non-financial non-current assets

As at each reporting date, the Company assesses whether there is any indication of impairment of its non-financial non-current assets. Where the carrying amount of an item of property, plant and equipment exceeds its estimated recoverable amount, its carrying amount is written off to the recoverable amount.

2.8.6. Company as a lessee

In accordance with IFRS 16, a contract is a lease or contains a lease component if it transfers all of the rights to control the use of an identified asset in a given period in exchange for payment. Control is deemed to occur if the customer has:

- the right to substantially all of the economic benefits from the use of the asset,

- the right to decide whether to use the asset.

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

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

At the commencement date, the Company measures the right-of-use asset at cost, which includes:

- the amount of the lease liability as initially measured;

- any lease payments made at or prior to commencement, less any lease incentives received;

- any initial direct costs incurred by the lessee; and

- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

At the commencement date, the Company measures the lease liability at the present value of lease payments that have not been paid at that date. Lease payments are discounted by the Company using the interest rate implicit in the lease if that rate can be readily determined. If this is not the case, the incremental borrowing rate is used.

At the commencement date, lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed lease payments less any lease incentives receivable;

- variable lease payments which depend on an index or a rate, initially measured using the index or rate at the commencement date of the lease;

- amounts expected to be paid by the lessee under a residual value guarantee,

- the exercise price of the call option if it is reasonably certain that the lessee will exercise that option,

- lease termination fees if the lessee is entitled to exercise the option to terminate the lease.

After the commencement date, the Company measures the right-of-use asset applying the cost model: To apply the cost model, the Company measures the right-of-use asset at cost:

- less any accumulated depreciation and impairment losses; and

- adjusted for remeasurement of the lease liability to reflect changes in lease payments.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;

- reducing the carrying amount to reflect the lease payments made; and

- remeasuring the carrying amount to reflect any lease reassessment or modification.

In the statement of financial position, the Company presents the right-of-use assets under the same line item as the assets owned by the Company and discloses in the notes to the financial statements which items in the statement of financial position include the right-of-use assets. Lease liabilities are presented separately from other liabilities in the financial statements. Lease payments are split into an interest component and an amount decreasing the lease liability. Interest expense is charged directly to finance costs.

For information on leases, please refer to the following notes:

- carrying amount of right-of-use assets by class – notes 11 and 12

- additions to right-of-use assets by class – notes 11 and 12

- depreciation charge for right-of-use assets by class – notes 11 and 12

- interest expense on lease liabilities – note 8

- expense relating to short-term leases and leases of low-value assets – note 21

- lease liabilities – note 21

- unrecognised liabilities under lease contracts – note 21

- total cash outflow for leases – note 22.2.

Information on the Company's future cash outflows to which the lessee is potentially exposed that are not included in the measurement of lease liabilities:

- variable lease payments: the Company has no lease contracts where payments would depend on variables other than a rate or index;

- termination options: the Company does not expect the early termination of its material lease contracts for properties in strategic locations. Therefore, the Company has determined the lease terms assuming that it will not exercise the termination options, with all payments included in the measurement of the lease liabilities;

- extension options: certain lease contracts for properties where the Company conducts its operations incorporate extension options. However, as the Company is not reasonably certain to exercise these extension options, they were not included in the measurement of lease liabilities as at the inception date the contracts (or as at the date of initial application of IFRS 16, if later). Up to the reporting date of 31 December 2024, no events or changes in circumstances occurred that would have been within the Company's control and that would have affected whether the Company was reasonably certain to exercise an extension option not previously included in its determination of the lease terms.

2.8.7. Financial assets

Classification and measurement

The Company classifies financial assets based on a business model used to manage groups of financial assets to meet a specific business objective and taking into account the characteristics of contractual cash flows from a given financial asset. As part of the Company's core business model, financial assets are held to collect contractual cash flows.

The Company classifies financial assets into three categories:

– financial liabilities measured at amortised cost,

– financial assets measured at fair value through other comprehensive income,

– financial liabilities measured at fair value through profit or loss.

The Company classifies as financial assets:

1) measured at amortised cost:

- trade receivables and other financial receivables,

- loans,

- cash;

2) measured at fair value through profit or loss:

- derivatives not designated for hedge accounting purposes for which changes in fair value result from changes in market conditions, i.e., exchange rate movements.

2.8.8. Impairment of financial assets

When measuring impairment of financial assets measured at amortised cost, the Company determines the portfolios in terms of credit risk and then places them in an appropriate basket of exposures, which determines their credit risk. As at the end of each reporting period, the Company assesses whether there were any indications that could result in classifying financial assets into individual exposure baskets. Given the large number of trading partners and invoices, the Company applies the portfolio approach to trade receivables, while for other financial assets, given their limited number in each category, the Company applies a case-by-case approach. For impairment of trade receivables, the Company uses a simplified approach and measures allowances for expected credit losses at amounts equal to lifetime expected credit losses. The Company's trade receivables do not contain a significant financing component within the meaning of IFRS 15.

Expected credit losses on trade receivables are recognised as lifetime expected credit losses. To calculate expected credit losses, the Company uses a provision matrix estimated based on historical payment levels and recoveries from trading partners, and also applies a case-by-case approach. The matrix provides for the following groups of receivables:

– current,

– 1–30 days past due,

– 31–90 past due,

– 91–120 days past due,

– 121–180 days past due,

– 181–360 days past due,

– more than 360 days past due.

Impairment losses on trade receivables are calculated as the sum of the products of the rates adopted for the above ageing groups and the amount of outstanding trade receivables in each group as at the reporting date. Trade receivables included in the impairment loss calculation based on the rates from the adopted matrix are exclusive of insured receivables (up to the insurance limit for a given counterparty; with respect to amounts above the limit, impairment losses are calculated using the matrix rates) and receivables from suppliers. The loss rates were in each of these cases determined individually. Such approach is also applied to identified trade receivables where in the opinion of the Management Board the risk of irrecoverability is significant, e.g., due to liquidation or bankruptcy of the debtor. The expected credit loss is calculated at the time when a receivable is recognised in the statement of financial position and remeasured as at each subsequent reporting date, depending on the number of days past due.

Financial assets are written off when the Company determines that all collection measures have been exhausted and the assets cannot be expected to be recovered. This applies mainly to receivables past due more than 360 days (in the case of receivables from unrelated parties) and where collection of receivables was assessed as doubtful.

2.8.9. Prepayments and accrued income

The primary objective of prepayments and accrued income is to ensure that income and expenses are commensurate. The Company recognises prepayments and accrued income relative to prepaid expenses and expenses relating to future periods. They are accounted for over time. Prepayments and accrued income are charged to operating expenses or finance costs, depending on the nature of capitalised costs. In the statement of financial position, prepayments and accrued income are broken down into long- and short-term current receivables (receivables and other non-financial receivables).

2.8.10. Inventories

Inventories are measured at the lower of cost or net realisable value. Inventory costs are determined using the FIFO method. Net realisable value is the estimated selling price of inventories in the ordinary course of business, less estimated costs of preparation for sale and estimated costs to sell.

The amount of discounts, rebates, concessions and other payments based on the volume of purchases (except marketing, warranty and advertising rebates, which are taken directly to profit or loss for the period) is recognised as a reduction of purchase price regardless of the date of actual receipt of such payments, i.e., the amount corresponding to goods purchased and sold in a period reduces the cost of merchandise sold, while the balance reduces the value of inventories.

The Company has procedures in place to assess inventory saleability. Monthly reports summarising slow-moving merchandise are prepared and reviewed by the Procurement Department and the Company's Management Board. Inventory write-downs are not determined solely based on inventory ageing analysis – write-downs are not applied to specific age brackets. Inventory ageing analysis serves only as a starting point for determining a write-down because, given the nature of these inventories, i.e. automotive parts, extended storage periods typically do not imply impairment. The Company has not established predetermined write-down percentages for specific age brackets; instead, individual product groups are analysed separately to determine write-down levels. Furthermore, a dedicated Outlet Department continuously monitors merchandise quality and, based on physical inspection and assessment, classifies goods either for resale through the outlet channel at discounted prices or for permanent disposal due to damage resulting in impairment. The Company classifies inventory write-downs as follows:

- write-downs for damaged merchandise,

- write-downs for merchandise whose net realisable value is lower than its purchase price,

- write-downs for slow-moving inventory items,

- other write-downs.

Due to their immateriality, costs of transport of goods purchased by the Company do not increase the value of inventories and are recognised as cost of sales.

2.8.11. Contract assets

The right-of-return assets represent the value of future adjustments to sales due to customer returns based on historical return rates and actual sales realised during the current reporting period. In the statement of financial position, the amount of the decrease in estimated cost of the right to return goods is disclosed as a separate item of the Company's asset under the Company's right to recover products from customers after the obligation to return the payment to the customer has been met.

2.8.12. Cash

Cash and cash equivalents comprise cash in hand, cash in bank accounts, cash in transit, and other cash. Cash and cash equivalents disclosed in the statement of cash flows comprise cash in hand and cash in bank accounts. As a result of the implementation of the split payment mechanism, the Company holds VAT bank accounts the funds in which the Company may only use for restricted purposes, such as payment of VAT on trade payables and other public and legal dues. Apart from VAT accounts, the Company does not have any other restricted cash. Please refer to note 22 for details.

2.8.13. Provisions

Provisions are recognised if the Company has a legal or constructive obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The recognised amount of the provision reflects the best estimate of the amount required to settle the current liability at the reporting date, taking into account the risks and uncertainties associated with that liability. Where provisions are measured using the estimated cash flows needed to settle the current liability, the carrying amount of the liability corresponds to the present value of those cash flows (when the effect of the time-value of money is significant). If some or all of the economic benefits required to settle the provision are likely to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the amount can be recovered and it can be measured reliably. The estimated amounts of provisions are presented in note 19.

2.8.14. Warranty

Provisions for expected warranty repairs are recognised upon sale of goods, at the amount of the Management Board's best estimate of future costs required to be incurred by the Company during the warranty period. In accordance with the applicable laws, the Company grants a two-year warranty for the goods it sells. If the goods are found defective during the warranty period, the Company must replace them with new goods or refund the cash and pay additional costs arising from the use of such defective goods. At the same time, some suppliers provide quality guarantees to the Company for the purchased goods, which means that costs, if any, related to warranty complaints are transferred to the suppliers. In order to allocate the cost of warranty repairs to the period in which the sale occurred, the Company estimates future costs of warranty repairs based on the volume of sales in a given period and the defectiveness rate of the goods sold. The defectiveness rate is determined by the Company based on an analysis of the defectiveness of the goods sold on the basis of the information on recognised warranty complaints in the last four years and the actual costs of warranty repairs incurred in the period, taking into account the guarantees received from suppliers. The estimated cost of warranty repairs is presented in note 19.

2.8.15. Contingent liabilities

In accordance with IAS 37, the Company does not recognise contingent liabilities in the statement of financial position. Contingent liabilities are disclosed in the financial statements.

2.8.16. Contingent assets

In accordance with IAS 37, the Company does not recognise contingent assets in the statement of financial position. Contingent assets are disclosed in the financial statements.

2.8.17. Financial liabilities

Financial liabilities are classified by the Company into:

– financial liabilities measured at amortised cost,

– financial liabilities measured at fair value through profit or loss.

The Company classifies trade payables and borrowings as financial liabilities measured at amortised cost. There were no liabilities measured at fair value through profit or loss either in the reporting period ended 31 December 2024 or in the reporting period ended 31 December 2023.

2.8.18. Derivative financial instruments

The Company did not enter into any derivative contracts.

2.8.19. Hedge accounting

The Company does not apply hedge accounting.

2.8.20. Investments in equity instruments

Investments in subsidiaries are excluded from the scope of IFRS 9. Interests in subsidiaries are measured at cost less impairment losses. Where the Company holds the right to a share of profit of a subsidiary that operates as a limited partnership with a limited liability company as the general partner (*spółka z ograniczoną odpowiedzialnością spółka komandytowa*), the Company's share of profit is classified, depending on the profit allocation resolution adopted by the subsidiary's general meeting, either as profit distributions receivable from the subsidiary or as a reinvestment (an increase in investments in related parties). Interests held in other entities that are not quoted on an active market and whose value is immaterial are measured at cost, which, in the opinion of the Management Board, does not differ materially from fair value.

2.8.21. Employee benefit obligations and provisions

The amount of the obligation for accrued holiday entitlements is calculated as the remuneration due for unused accumulating paid absences.

Employee benefit obligations are recognised in the period in which they are performed at the undiscounted amount of benefits expected to be paid in exchange for the service. Recognised liabilities on account of other long-term employee benefits are measured at the value of estimated future cash outflows from the Company with regard to services provided by employees by the reporting date.

2.8.22. Equity

Equity is recognised in the accounting records according to its specific components, in line with applicable laws and the relevant provisions of the Articles of Association.

The Company's equity comprises:

- issued share capital, in the amount specified in the Articles of Association and entered in the National Court Register,

- share premium, which is the excess over the par value of shares less issue costs,

- other capital from issue of warrants,

- retained earnings comprising retained earnings from previous years (statutory reserve funds created in accordance with the Commercial Companies Code) and current profit or loss.

2.8.23. Dividends

The obligation to pay dividends is recognised when the shareholders' rights to receive the dividend are established.

2.8.24. Earnings per share

Earnings per share for a reporting period are calculated by dividing net profit for the reporting period by the weighted average number of shares outstanding in the period. Diluted earnings per share are equal to basic earnings per share as there are no instruments with a dilutive effect.

2.8.25. Trade and other payables

Short-term trade payables are recognised at amounts due. Financial liabilities other than financial instruments at fair value through profit or loss are measured at amortised cost using the effective interest rate method. The Company derecognises a financial liability when it is extinguished, that is when the obligation specified in the contract is either discharged or cancelled or expires. Other non-financial liabilities are measured at amounts due. They include, in particular, liabilities to the revenue office in respect of advance payments of income tax on salaries and wages. Trade payables are reduced by the value of discounts due from suppliers up to the amount of the liability. Trade payables are classified as current liabilities if they fall due within 12 months from the reporting date. Otherwise, they are recognised as non-current liabilities.

2.8.26. Contract liabilities

Contract liabilities include, in particular, the right to return goods. The Company discloses the amount of revenue reduction arising from the estimated right to return goods, which rights is transferred together with the sale. Contract liabilities under loyalty contracts with customers are less significant. For more information, see note 2.9.2.

2.8.27. Trade and other receivables

Trade receivables are initially recognised at transaction price, less allowances for lifetime expected credit losses. Expected credit losses reflect historical experience of counterparty default and potential estimated credit losses. An allowance is recognised as an expense recognised in the statement of comprehensive income at the end of each reporting period. Receivables from the state budget are presented under other non-financial assets.

2.8.28. Income tax

The entity's income tax comprises current tax and deferred tax.

Current tax expense is calculated based on tax profit or loss (taxable income) for a given reporting period. Tax profit (loss) differs from accounting profit (loss) because it does not include temporarily non-taxable income or temporarily non-deductible expenses, or cost or income items that will never be subject to tax settlement. Tax charges are calculated based on the tax rates effective for a given financial year. The carrying amount of a deferred tax asset is reviewed at each reporting date, and if the expected tax profit is insufficient to recover a deferred tax asset or a portion thereof, the asset is written off accordingly.

Deferred tax liabilities and deferred tax assets are measured so as to account for the tax consequences of expected recovery (settlement) of the carrying amount of assets (liabilities) as at the reporting date. Current and deferred tax is recognised in profit or loss, except for tax arising on items recognised in other comprehensive income or directly in equity. For such items, current and deferred tax is also recognised in other comprehensive income or equity, as appropriate. If current or deferred tax results from the initial accounting for a business combination, the tax effect is included in the subsequent accounting for that business combination.

Deferred tax assets and liabilities are calculated and recognised separately, while in the statement of financial position they are offset and presented on a net basis.

2.8.29. Foreign currency transactions

Transactions carried out in a currency other than the functional currency are reported using the exchange rate effective on the day preceding the date of the transaction, provided that the exchange rate does not differ materially from the exchange rate at the date of the transaction. As at the end of the reporting period, monetary items are translated at the mid rate quoted by the National Bank of Poland for that date. Exchange differences arising from accounting for and measurement of trade receivables, trade payables and own cash are presented in the statement of profit or loss under other net gains and losses, and other exchange differences (on loans, borrowings and leases) are presented under finance income or finance costs, as appropriate.

2.8.30. Revenue from contracts with customers

In accordance with IFRS 15, the Company recognises revenue when the performance obligation is satisfied, that is when the goods or services are transferred to the customer. The Company applies this policy using a five-step model:

- identifying the contract;

- identifying performance obligations;

- determining the transaction price;

- allocating the transaction price to performance obligations;

- recognition of revenue on satisfaction of performance obligation.

Identifying the contract

The Company recognises revenue from contracts with customers if the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

- the Company can identify each party's rights regarding the goods or services to be transferred;

- the Company can identify the payment terms for the goods or services to be transferred;

- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Identifying performance obligations

a) *time when the* Company *typically satisfies its performance obligations:*

The Company primarily recognises revenue derived from the sale of goods accounting for 99.9% of total revenue from contracts with customers. The sale of automotive spare parts directly from manufacturers to end customers is the Company's principal business. Contracts with customers contain a single performance obligation, which is the delivery of goods. A performance obligation is satisfied when the customer obtains control of the goods. The control is transferred: (i) upon delivery of the goods to the customer (upon sale at the Company's branches) (ii) upon delivery of the goods to a point of delivery specified by the customer.

Revenue from the sale of services representing an immaterial portion of total revenue from contracts with customers is recognised at the time the service is performed. The performance obligation is satisfied upon performance of the services as they are of short duration.

b) *significant payment terms*

Contracts with customers do not have any significant financing components and the payment terms do not generally exceed three months.

c) *nature of the goods or services that the* Company *has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services*

The Company primarily recognises revenue derived from the sale of goods accounting for 99.9% of total revenue from contracts with customers. The sale of automotive spare parts directly from manufacturers to end customers is the Company's principal business. Contracts with customers contain a single performance obligation, which is the delivery of goods.

The Company acts as a principal for the supply of goods.

d) *obligations for returns, refunds and other similar obligations*

Right of return

Contracts with customers contain the right of return. Customers may freely return purchased merchandise within 14 days from the purchase date, provided that the merchandise does not bear any traces of use. The Company estimates the value of future adjustments to sales to account for customer returns, using historical data on returns from the current period related to sales made in previous years, along with the current period's turnover. Warranty replacements are governed by the applicable provisions of the Polish Civil

Code. The estimated amount of a return is recognised as: (i) a decrease in revenue from contracts with customers and a contract liability (note 20.2.), (ii) a decrease in the cost of merchandise sold and a contract asset (note 15.2).

Refunds of consideration

Some contracts include variable consideration amounts as a result of discounts granted, including discounts resulting from reaching a certain level of sales. In accordance with IFRS 15, the Company estimates the amount of discounts due to customers and recognises it as a decrease in revenue and decrease in trade receivables. The Company enters into support agreements and discount agreements with selected customers. Under such arrangements, the Company agrees to provide specific support or discounts if the trading partner achieves the contracted volume of turnover with the Company. The Company recognises the amount of support and discounts granted based on the trading partner's turnover and the probability of the contracted turnover volume being achieved. This probability is estimated based on historical data on the effectiveness of executed support agreements. Such estimates reduce revenue presented in note 3.

Types of warranties and related obligations

The Company grants warranties that do not give rise to a separate performance obligation. Therefore, the Company recognises a provision for warranties in accordance with IAS 37. Provisions for the warranty costs are recognised upon sale of goods, at the amount of the Management Board's best estimate of future costs required to be incurred by the Company during the warranty period. The estimated amount of these liabilities is presented in note 19, with a detailed description provided in note 2.9.1 *'Estimate of expected cost of warranty repairs'*.

Determining the transaction price and allocating the transaction price to performance obligations

The transaction price is the consideration payable to the Company in exchange for the transfer of goods or services to the customer. The Company allocates the transaction price to the performance obligation in an amount that reflects the amount of consideration, taking into account the terms of the contract.

Some contracts include variable consideration amounts as a result of discounts granted, including discounts resulting from reaching a certain level of sales. In accordance with IFRS 15, the Company estimates the amount of discounts due to customers and recognises it as a decrease in revenue and decrease in trade receivables. Contracts with customers also include the right to return goods. Customers may freely return purchased merchandise within 14 days from the purchase date, provided that the merchandise does not bear any traces of use. The Company estimates the value of future adjustments to sales to account for customer returns, using historical data on returns from the current period related to sales made in previous years, along with the current period's turnover. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The estimated amount of a return is recognised as: (i) a decrease in revenue from contracts with customers and a contract liability (note 20.2.), (ii) a decrease in the cost of merchandise sold and a contract asset (note 15.2).

Recognition of revenue upon satisfaction of performance obligation

Revenue from sale of goods The Company recognises revenue when the performance obligation is satisfied, that is when the customer obtains control of the goods.

Revenue from the sale of services representing an immaterial portion of total revenue from contracts with customers is recognised at the time the service is performed. Revenue from the sale of services primarily includes customer training, returns management, and packing services.

2.8.31. Operating segments

The Company's principal business consists in sale of vehicle spare parts directly from manufacturers to end users. The Company's Management Board, as the chief decision maker, does not distinguish separate operating segments, as the Company's entire business consists in sale of spare parts and accessories for motor vehicles. The data analysed by the Company's Management Board are consistent with the data presented in the notes to the financial statements. The Company presents revenue from contracts with customers by geographical region, i.e., domestic, EU and non-EU sales. The Company does not have key customers and sales to none of the Company's customers exceed 10% of total sales.

2.8.32. Expenses

Expenses are probable decreases during the accounting period in economic benefits of a reliably determined value, in the form of outflows or depletions of assets or increases in liabilities and provisions that result in decreases in equity. Expenses are recognised in the statement of profit or loss in accordance with the matching principle.

2.8.33. Finance income and costs

Finance costs include mainly interest on borrowings, interest on right-of-use liabilities, and commissions and fees on borrowings.

Finance income mainly comprises the share of profit of a limited partnership attributable to Auto Partner S.A. (99%), recognised in accordance with rights arising from the partnership agreement (profit distributions). Finance income also includes interest earned on loans and trade receivables. Interest income is recognised as it accrues by reference to the net carrying amount of a particular asset, provided it is certain to be earned.

2.8.34. Statement of cash flows

The statement of cash flows from operating activities is prepared using the indirect method.

2.8.35. Discontinued operations

The Company did not discontinue any of its operations in the current and previous reporting periods.

2.9. Significant values based on the Management Board's professional judgements and estimates

The Management Board of the Company is required to make estimates, judgements and assumptions regarding the amounts of assets and liabilities. Key assumptions and sources of uncertainty concerning estimates require the Management Board to make the most difficult, subjective or complex assessments. An increase in the number of variables and assumptions affecting the likely future outcome of uncertainty estimates results in the assessment being more subjective and complex, thus increasing the risk of a future material adjustment to the carrying amount of assets and liabilities. Estimates and their underlying assumptions are based on historical experience and other factors considered material. Actual results may differ from those estimates. Estimates and the underlying assumptions are subject to ongoing verification. Any change in an accounting estimate is recognised in the period in which it was made if it refers exclusively to that period, or in the current period and future periods if it refers to both the current period and future periods. While making assumptions, estimates and judgements, the Management Board of the Company may take into account its experience and knowledge, as well as opinions, analyses and recommendations issued by independent experts.

2.9.1. Estimate of expected cost of warranty repairs

In accordance with the applicable laws, the Company grants a two-year warranty for the goods it sells. If the goods are found defective during the warranty period, the Company must replace them with new goods or refund the cash and pay additional costs arising from the use of such defective goods. At the same time, some suppliers provide quality guarantees to the Company for the purchased goods, which means that costs, if any, related to warranty complaints are transferred to the suppliers. In order to allocate the cost of warranty repairs to the period in which the sale occurred, the Company estimates future costs of warranty repairs based on the volume of sales in a given period and the defectiveness rate of the goods sold. The defectiveness rate is determined by the Company based on an analysis of the defectiveness of the goods sold on the basis of the information on recognised warranty complaints in the last four years and the actual costs of warranty repairs incurred in the period, taking into account the guarantees received from suppliers. The estimated cost of warranty repairs is presented in note 19.

2.9.2. Estimate of the value of returns made by customers

Customers may freely return purchased merchandise within 14 days from the purchase date, provided that the merchandise does not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. In the opinion of the Management Board of the Company, the vast majority of returns are made within three months from the date of sale. The Company estimates the value of future adjustments to sales to account for customer returns, using historical data on returns from the current period related to sales made in previous years, along with the current period's turnover. For information on the right-of-return asset, see note 15.2.

2.9.3. Estimate of discounts received from suppliers

The Company receives discounts for the value of purchased goods, the volume of which depends on the annual turnover with a given supplier (including through participation in the purchasing group). The amount of discounts is calculated after the end of the reporting period. Therefore, the Company calculates the present amount of its mark-up based on an individual relation between turnover bonuses received from each trading partner to the turnover in the period and the inventory of goods supplied by the business partner held by the Company, taking into account the aging of the inventory. The estimated discounts are allocated proportionately to the value of merchandise sold (note 4) and to the value of inventories (note 15.1).

(all amounts in PLN thousands, unless stated otherwise)

2.9.4. Estimate of revenue and discounts from marketing activities

The Company receives receivables and discounts for marketing activities, the volume of which depends on the annual turnover with a given supplier and other contractual arrangements with the supplier. The amount of receivables and discounts is determined after the end of the reporting period, therefore the Company estimates the amount of receivables and discounts received based on the amount of turnover with a given supplier and the amount of discounts due under the agreement. These estimates reduce the amount of distribution costs and marketing expenses (note 4).

2.9.5. Estimate of recoverable amount of merchandise held

The Company grants discounts to its customers on sales prices, depending on trading volumes and other marketing factors. This gives rise to a significant difference in the amount of discounts granted to individual customers and may result in goods being sold at prices lower than the purchase price. Therefore, as at the end of each reporting period, the Company estimates the negative margins to be incurred in the future and recognises inventory write-downs (note 15.1), which ensures that inventories are measured at recoverable amounts. The amount of such write-downs is determined based on the average negative margins earned on sales in the 36 months preceding the reporting date.

2.9.6. Probability of achieving turnover contracted with customers

The Company enters into support agreements and discount agreements with selected customers. Under such arrangements, the Company agrees to provide specific support or discounts if the trading partner achieves the contracted volume of turnover with the Company. The Company recognises the amount of support and discounts granted based on the trading partner's turnover and the probability of the contracted turnover volume being achieved. This probability is estimated based on historical data on the effectiveness of executed support agreements. Such estimates reduce revenue (note 3).

2.9.7. Estimate of allowance for expected credit losses

Expected credit losses on trade receivables are recognised as lifetime expected credit losses. To calculate expected credit losses, the Company uses a provision matrix estimated based on historical payment levels and recoveries from trading partners, and also applies a case-by-case approach. The matrix includes the following groups of receivables: current, receivables 1–30 days past due, receivables 31–90 days past due, receivables 91–120 days past due, receivables 121–180 days past due, receivables 181–360 days past due, and receivables more than 360 days past due. The expected credit loss is calculated on recognition of receivables in the statement of financial position and is updated as at each subsequent reporting date, depending on the number of days past due for a given amount receivable. The Company also estimates expected credit losses on trade receivables on a case-by-case basis. This applies to identified trade receivables where in the opinion of the Management Board the risk of irrecoverability is significant, e.g. due to liquidation or bankruptcy of the debtor. For information on the allowance for expected credit losses, see note 16.

2.9.8. Risk related to ownership of goods

Under purchase contracts concluded with certain suppliers, the supplied goods are deemed to become the property of the Group upon payment of the full purchase price. In the opinion of the Management Board of the Company, all significant risks incidental to the purchased goods (note 15.1) are transferred upon delivery of the goods and therefore the purchase is recognised at the time of receipt of the delivery, while the reservation of transfer of ownership by the seller serves as a security for the Company's trade payables.

3. Revenue from contracts with customers

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

	Period ended 31 December 2024	Period ended 31 December 2023
Revenue from sales of merchandise	**4,094,921**	**3,641,815**
including:		
Sales of merchandise – Poland	2,068,085	1,825,178
Sales of merchandise – EU	1,986,138	1,777,309

(all amounts in PLN thousands, unless stated otherwise)

Sales of merchandise – other exports	40,698	39,328
Revenue from sales of services	**16,113**	**12,918**
including:		
Sales of services – Poland	9,440	9,080
Sales of services – EU	6,673	3,838
Total revenue from contracts with customers	**4,111,034**	**3,654,733**

4. Costs by nature and function of expense

	Period ended 31 December 2024	**Period ended 31 December 2023**
Depreciation and amortisation	(53,653)	(42,882)
Raw materials and consumables used	(34,085)	(33,122)
Services	(449,232)	(371,640)
Taxes and charges	(8,409)	(5,782)
Employee benefits expense	(264,938)	(221,375)
Other costs by nature of expense	(12,307)	(9,735)
Merchandise, materials and services sold	(3,008,881)	(2,693,067)
Total costs by nature of expense	**(3,831,505)**	**(3,377,603)**
Cost of sales	(3,017,245)	(2,700,312)
Distribution costs and marketing expenses	(467,491)	(398,592)
Warehousing costs	(305,075)	(241,766)
Management and administrative expenses	(41,694)	(36,933)
Total costs by function of expense	**(3,831,505)**	**(3,377,603)**

	Period ended 31 December 2024	**Period ended 31 December 2023**
Cost of merchandise and materials sold	(3,008,752)	(2,692,892)
Cost of services sold	(8,493)	(7,420)
Cost of sales	**(3,017,245)**	**(2,700,312)**

5. Other gains/(losses), net

	Period ended 31 December 2024	**Period ended 31 December 2023**
Foreign exchange gains/(losses) on operating activities – unrealised	(406)	-
Foreign exchange gains/(losses) on operating activities – realised	(1,885)	2,252
Gains/(losses) on impairment of receivables	(2,043)	(1,136)
Other	446	498
Total other gains/(losses), net	**(3,888)**	**1,614**

6. Other income and expenses

Other income primarily includes insurance compensation of PLN 1,807 thousand received for flooding damage incurred by the Company's Kłodzko branch office during the September 2024 floods in south-western Poland. In total, the Company received PLN

(all amounts in PLN thousands, unless stated otherwise)

1,951 thousand in compensation, including an adjustment payment of PLN 144 thousand on 31 January 2025. Other income also includes the reversal of a provision for tax risks amounting to PLN 1,723 thousand (note 19).
Other expenses mainly comprise losses on merchandise, of PLN 1,800 thousand, resulting from the above-mentioned flood event. Additionally, other expenses include the recognition of a provision for tax risks of PLN 2,207 thousand (note 19), as well as donations made by the Company in the amount of PLN 1,341 thousand.

7. Finance income

	Period ended 31 December 2024	**Period ended 31 December 2023**
Profit distributions from related entities	10,621	14,874
Gains on corporate surety provided (i)	225	225
Foreign exchange gains/(losses) on financing activities	-	3,564
Interest on loans to other entities	122	104
Interest on trade receivables	144	179
Interest on bank deposits	135	249
Other finance income	15	15
Total finance income	**11,262**	**19,210**

8. Finance costs

	Period ended 31 December 2024	**Period ended 31 December 2023**
Interest expense:		
Interest on term and overdraft facilities	(11,498)	(13,389)
Interest on non-bank borrowings from related entities	(2,207)	(2,414)
Interest on lease liabilities (other leases)	(5,494)	(6,093)
Interest on lease liabilities (office and warehouse space leases)	(6,092)	(3,819)
Other interest expense	(61)	(78)
	(25,352)	(25,793)
Other finance costs:		
Foreign exchange gains/(losses) on financing activities	(1,881)	-
Cost of corporate surety received (i)	(681)	(681)
Credit commissions and fees	(823)	(870)
Factoring commissions and fees	-	(3)
Other finance costs	(52)	(42)
	(3,437)	(1,596)
Total finance costs	**(28,789)**	**(27,389)**

(i) see notes 7 and 8.

The cost and income arising from corporate surety received or provided are attributable to agreements between Auto Partner S.A. and Maxgear Sp. z o.o. Sp.k., under which the parties mutually guarantee each other's obligations under credit facility agreements (see note 18 for details). Each party also receives a fee from the other in consideration for assuming this responsibility.

9. Income tax

The Company is subject to general income tax laws. It is not part of a tax group and does not conduct any operations in a special economic zone, which would entail different rules for calculating tax charges. The Company's financial and accounting year is the same as the calendar year. The current and deferred income tax were calculated at the rate of 19% of income taxable with the corporate income tax.

(all amounts in PLN thousands, unless stated otherwise)

Income tax charged to profit or loss

	Period ended 31 December 2024	Period ended 31 December 2023
Profit before tax	**256,179**	**270,593**
Income tax at 19%	(48,674)	(51,413)
Difference	652	1,845
Total income tax in the statement of comprehensive income	**(48,022)**	**(49,568)**
including:		
Current income tax:		
For current year	(41,116)	(32,509)
For previous years	(88)	(322)
	(41,204)	(32,831)
Deferred income tax:		
For current year	(6,818)	(16,737)
	(6,818)	(16,737)
	(48,022)	**(49,568)**
Profit before tax	**256,179**	**270,593**
Income tax	48,022	49,568
Effective tax rate	**18.75%**	**18.32%**

Current tax assets and liabilities

	As at 31 December 2024	As at 31 December 2023
Current tax assets	-	1,257
Current tax liabilities	1,467	-

Deferred income tax

Given the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, the Company recognises deferred tax assets and liabilities.

	As at 31 December 2024	As at 31 December 2023
Deferred tax assets	27,151	24,025
Deferred tax liabilities	(70,750)	(60,806)
Total	**(43,599)**	**(36,781)**
Offset	(27,151)	(24,025)
Deferred tax liabilities in the statement of financial position	**43,599**	**36,781**

Presented below are temporary differences relating to deferred tax assets and liabilities:

	As at 31 December 2023	Recognised in profit or loss for 2024	As at 31 December 2024
Deferred tax assets			
Difference arising from rebate assets and inventory discounts	13,036	4,784	17,820
Difference arising from contracts with customers	2,661	507	3,168
Difference arising from estimated right to return merchandise	932	239	1,171
Merchandise write-down	1,257	312	1,569
Credit loss allowances for receivables	1,878	401	2,279
Provision for employee benefit obligations	1,381	171	1,552
Other provisions	1,241	(499)	742

(all amounts in PLN thousands, unless stated otherwise)

Difference arising from social security contributions and employee capital plans	39	19	58
Difference arising from outstanding interest on borrowings	273	(233)	40
Difference arising from inventory adjustment assets	1,384	(2,635)	(1,251)
Other temporary differences	(57)	60	3
Total	**24,025**	**3,126**	**27,151**
Deferred tax liabilities			
Difference between carrying amount and tax base of property, plant and equipment	(16,826)	(2,632)	(19,458)
Difference arising from adjusting invoices	(43,923)	(7,281)	(51,204)
Other temporary differences	(57)	(31)	(88)
Total	**(60,806)**	**(9,944)**	**(70,750)**
Total deferred tax assets (liabilities)	**(36,781)**	**(6,818)**	**(43,599)**

As at the reporting date, the following deferred tax assets were not recognised:

	As at 31 December 2023	**Recognised in profit or loss for 2024**	**As at 31 December 2024**
Inventory write-downs	181	(137)	44
Total	**181**	**(137)**	**44**

The Management Board is of the opinion that there is no assurance that certain deferred tax assets may be utilised against income tax, so no deferred tax asset was recognised.

Income tax charged directly to equity

No income tax was charged directly to equity in the reporting period.

Income tax charged to other comprehensive income

No income tax was charged to other comprehensive income in the reporting period.

Effect of significant changes in tax legislation on future tax liabilities and assets

On 15 November 2024, the Act of 6 November 2024 (Dz.U. of 2024, item 1685) on Top-up Taxation of Constituent Entities of Multinational and Domestic group (Pillar 2), which, effective from 1 January 2025, implements the provisions of Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, was signed into law in Poland. Since the Pillar Two regulations were not in effect as at the reporting date, the Company has no current tax expense on this account. The Auto Partner Group has, however, reached the consolidated revenue threshold specified in the Act. Consequently, the Company, being the Group's Parent, falls within the scope of the Act and will for the first time have to satisfy the relevant obligations arising thereunder for 2025 (i.e. the Company has the status of a global top-up tax payer as defined in the Act).

10. Earnings per share

Earnings per share for a reporting period are calculated by dividing net profit for the reporting period by the weighted average number of shares outstanding in the period. Diluted earnings per share are equal to basic earnings per share as there are no instruments with a dilutive effect.

	Period ended 31 December 2024	**Period ended 31 December 2023**

Net profit attributable to owners	208,157	221,025
Weighted average number of shares (thousand)	130,620	130,620
Earnings per share (PLN)	**1.59**	**1.69**

11. Property, plant and equipment

-	As at 31 December 2024	As at 31 December 2023
Buildings and structures	142,920	123,476
Machinery and equipment	147,401	122,507
Vehicles	18,280	16,466
Other	59,509	53,053
Property, plant and equipment under construction	11,126	14,105
Total carrying amount of property, plant and equipment	**379,236**	**329,607**

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

-	As at 31 December 2024	As at 31 December 2023
Buildings and structures	138,321	120,190
Machinery and equipment	69,254	66,201
Vehicles	12,408	11,449
Other	19,659	24,073
Property, plant and equipment under construction (i)	368	-
Total carrying amount of property, plant and equipment under right-of-use arrangements	**240,010**	**221,913**

-	Period ended 31 December 2024	Period ended 31 December 2023
Buildings and structures	23,989	19,611
Machinery and equipment	7,098	7,287
Vehicles	1,690	1,426
Other	1,092	1,399
Total depreciation of property, plant and equipment under right-of-use arrangements	**33,869**	**29,723**

Right-of-use assets are mainly contracts for lease of cars, storage racks, internal transport and handling systems, as well as office space and hardware rental contracts. Items of property, plant and equipment disclosed as used under lease contracts are secured with lessors' rights to leased assets. For information on lease liabilities, see note 21. Leased property, plant and equipment under construction include lease contract assets not yet commissioned at end of period.

Movements in property, plant and equipment	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at 31 December 2022	**120,473**	**122,687**	**24,713**	**63,596**	**31,390**	**362,859**
Increase						
Purchase	882	18,191	498	7,023	8,775	**35,369**
Accounting for property, plant and equipment under construction – purchase	135	2,931	-	102	(3,168)	-

(all amounts in PLN thousands, unless stated otherwise)

Leases	72,366	6,255	4,501	2,996	-	**86,118**
Accounting for property, plant and equipment under construction – leases	-	22,601	-	291	(22,892)	-
Other	-	-	4	-	-	**4**
Decrease						
Disposal	-	(302)	(397)	(177)	-	**(876)**
Retirement	(544)	(116)	(129)	(29)	-	**(818)**
Other	-	(68)	-	(4)	-	**(72)**
Gross carrying amount as at 31 December 2023	**193,312**	**172,179**	**29,190**	**73,798**	**14,105**	**482,584**
Increase						
Purchase	1,663	22,473	558	6,188	4,127	**35,009**
Accounting for property, plant and equipment under construction – purchase	305	6,665	-	321	(7,291)	-
Leases	42,737	13,283	3,797	4,926	185	**64,928**
Accounting for property, plant and equipment under construction – leases	-	-	-	-	-	-
Other	-	-	-	-	-	-
Decrease						
Disposal	-	(40)	(538)	(6)	-	**(584)**
Retirement	(51)	(603)	(19)	(170)	-	**(843)**
Other	(617)	-	(93)	(29)	-	**(739)**
Gross carrying amount as at 31 December 2024	**237,349**	**213,957**	**32,895**	**85,028**	**11,126**	**580,355**
Accumulated depreciation as at 31 December 2022	**50,199**	**36,746**	**10,985**	**16,850**	**-**	**114,780**
Depreciation in period	20,144	13,329	2,096	3,979	-	**39,548**
Disposal	-	(290)	(281)	(77)	-	**(648)**
Retirement	(507)	(113)	(74)	(7)	-	**(701)**
Other	-	-	(2)	-	-	**(2)**
Accumulated depreciation as at 31 December 2023	**69,836**	**49,672**	**12,724**	**20,745**	**-**	**152,977**
Depreciation in period	24,644	17,386	2,317	4,866	-	**49,213**
Disposal	-	(34)	(365)	(3)	-	**(402)**
Retirement	(51)	(468)	(61)	(89)	-	**(669)**
Other	-	-	-	-	-	-
Accumulated depreciation as at 31 December 2024	**94,429**	**66,556**	**14,615**	**25,519**	**-**	**201,119**
Net carrying amount as at 31 December 2023	**123,476**	**122,507**	**16,466**	**53,053**	**14,105**	**329,607**
Net carrying amount as at 31 December 2024	**142,920**	**147,401**	**18,280**	**59,509**	**11,126**	**379,236**

12. Intangible assets

-	**As at 31 December 2024**	**As at 31 December 2023**
Software	25,684	24,592
Intangible assets under development (i)	9,242	10,352
Total carrying amount of intangible assets	**34,926**	**34,944**

(i) Intangible assets under development as at 31 December 2024 mainly include expenditure on the development of an integrated ERP system (PLN 8,977 thousand), intended to replace the currently operated solution. The decision to replace the existing system is driven mainly by limitations inherent in its architecture and the need to ensure sufficient performance capabilities in keeping with the Company's and the Group's growing scale of operations. The new system will be phased in in the period from 2025 to 2028. As at the reporting date, no indications of impairment were identified.

As at 31 December 2024, the Company had contractual commitments to purchase intangible assets of PLN 5,698 thousand, representing expenditure on the development of an integrated ERP system.

(all amounts in PLN thousands, unless stated otherwise)

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

-	As at 31 December 2024	As at 31 December 2023
Software	2,349	2,856
Total carrying amount of right-of-use intangible assets	**2,349**	**2,856**

-	Period ended 31 December 2024	Period ended 31 December 2023
Software	385	466
Total amortisation of right-of-use intangible assets	**385**	**466**

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at 31 December 2022	**31,761**	**343**	**12,889**	**44,993**
Increase				
Purchase	3,684	-	7,551	**11,235**
Accounting for intangible assets under development – purchase	10,088	-	(10,088)	-
Other	-	-	-	-
Gross carrying amount as at 31 December 2023	**45,533**	**343**	**10,352**	**56,228**
Increase				
Purchase	1,688	-	2,734	**4,422**
Accounting for intangible assets under development – purchase	4,027	-	(4,027)	-
Other	(183)	-	183	-
Gross carrying amount as at 31 December 2024	**51,065**	**343**	**9,242**	**60,650**
Accumulated amortisation as at 31 December 2022	**17,607**	**343**	**-**	**17,950**
Amortisation in period	3,334	-	-	**3,334**
Accumulated amortisation as at 31 December 2023	**20,941**	**343**	**-**	**21,284**
Amortisation in period	4,440	-	-	**4,440**
Accumulated amortisation as at 31 December 2024	**25,381**	**343**	**-**	**25,724**
Net carrying amount as at 31 December 2023	**24,592**	**-**	**10,352**	**34,944**
Net carrying amount as at 31 December 2024	**25,684**	**-**	**9,242**	**34,926**

13. Investments in related entities and other entities

Investments in related entities are intended to support delivery of a consistent growth strategy, secure sustainable expansion of the Group through increased business scale, and enhance its market share and position, while ensuring that it maintains a strong focus on business-process efficiency to achieve attractive margins. The Company has full control over its subsidiaries, which enables it to direct their operations effectively. All subsidiaries are related to the Company through equity interests. The Company does not identify specific risks associated with holding investments in subsidiaries beyond the general risks affecting all Group entities, as described in the Directors' Report on the Operations of Auto Partner S.A. and the Auto Partner Group for 2024. The most significant impact on the Company's financial results related to investments in subsidiaries came from dividends receivable from Maxgear Sp. z o.o. Sp.k. (note 7).

An overview of the Company's interests in subsidiaries is presented in the table below:

(all amounts in PLN thousands, unless stated otherwise)

	Principal business	Registered office	ownership interest (%)	
			As at 31 December 2024	As at 31 December 2023
Maxgear Sp. z o.o. Sp. kom.	sale of spare parts and accessories for motor vehicles	Bieruń, Poland	100% *)	100% *)
Maxgear Sp. z o.o.	sale of spare parts and accessories for motor vehicles	Poland, Tychy	100%	100%
AP Auto Partner CZ s.r.o.	sale of spare parts and accessories for motor vehicles	Prague, Czech Republic	100%	100%
AP Auto Partner RO s.r.l.	sale of spare parts and accessories for motor vehicles	Romania, Bucharest	100%	100%
Auto Partner Deutschland GmbH (i)	sales support on the German market	Germany, Gelsenkirchen	100%	-
Auto Partner Ceska republika s.r.o. (ii)	sales support on the Czech market	Czech Republic, Ostrava	100%	-

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

(i) On 13 November 2024, a memorandum of incorporation was signed for a foreign limited liability company based in Germany (Gesellschaft mit beschränkter Haftung), with a share capital of EUR 25,000. All shares in the newly established company were subscribed for cash by Auto Partner S.A.

(ii) On 13 November 2024, a memorandum of incorporation was signed for a foreign limited liability company based in the Czech Republic (Společnost s Ručením Omezeným), with a share capital of Kč 20,000. All shares in the newly established company were subscribed for cash by Auto Partner S.A.

The business of the two new companies will include both sales and marketing support, as well as potentially providing warehousing services to Auto Partner S.A. if a decision is made to establish logistics hubs in Germany or the Czech Republic in the future.

	As at 31 December 2024	As at 31 December 2023
Shares in subsidiaries	1,043	931
Partnership interest in Maxgear Sp. z o.o. Sp. kom.	29,517	29,517
Partnership interest in AP Auto Partner CZ s.r.o.	14,995	14,995
Shares in other entities *)	110	110
Total	**45,665**	**45,553**

Movements in investments	Shares	Partnership interests	Total
As at 31 December 2022	**1,041**	**29,517**	**30,558**
Partnership interest in AP Auto Partner CZ s.r.o.	-	14,995	**14,995**
As at 31 December 2023	**1,041**	**44,512**	**45,553**
Establishment of subsidiaries	112	-	**112**
As at 31 December 2024	**1,153**	**44,512**	**45,665**

*) The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).

14. Other financial assets

On 24 January 2024, an agreement was signed with Global One Automotive GmbH of Frankfurt whereby the Company advanced a loan of EUR 750 thousand to Global One. The loan bore interest at 3M EURIBOR plus margin. The agreement was concluded for a definite term from 1 February 2024 to 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.

(all amounts in PLN thousands, unless stated otherwise)

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

15. Inventories and contract assets

15.1. Inventories

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

	As at 31 December 2024	As at 31 December 2023
Merchandise	1,036,213	946,190
Write-downs	(8,492)	(7,685)
Total	**1,027,721**	**938,505**

Change in inventory write-downs

	Period ended 31 December 2024	Period ended 31 December 2023
At beginning of period	**(7,685)**	**(8,976)**
Decrease	2,135	4,818
Write-off	783	-
Increase	(3,725)	(3,527)
As at end of period	**(8,492)**	**(7,685)**

Inventory write-downs include write-downs for damaged merchandise, write-downs for merchandise whose net realisable value is lower than its purchase price, write-downs for slow-moving inventory items, and other write-downs.

Recognised inventory cost

	Period ended 31 December 2024	Period ended 31 December 2023
Cost of sales	(3,017,245)	(2,700,312)
Distribution costs	(9,773)	(1,775)
Total inventory cost recognised	**(3,027,018)**	**(2,702,087)**

Distribution costs primarily include the cost of warranty replacement of merchandise.

Inventories pledged as security

The Company has created a registered pledge over inventories as security for contracted credit facilities. Please refer to note 18 for details. The amount of liabilities secured with the pledge is presented below.

	As at 31 December 2024	As at 31 December 2023
Liabilities secured with pledge over inventories	199,070	219,131

(all amounts in PLN thousands, unless stated otherwise)

15.2. Contract assets

	As at 31 December 2024	As at 31 December 2023
Contract assets	23,821	19,366

Customers may freely return purchased merchandise within 14 days from the purchase date, provided that the merchandise does not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Company estimated the value of future adjustments to sales due to customer returns based on historical return rates and actual sales realised during the current reporting period. The contract assets recognised for refunds reflect the estimated reduction in cost of goods sold associated with the expected returns. The corresponding liability is disclosed in note 20.2. The realisation of this asset is presented in the table below:

-	Period ended 31 December 2024	Period ended 31 December 2023
Returns made during the year,		
including:		
returns relating to the year 2023	20,835	n/a
returns relating to the year 2022	1,116	15,022
returns relating to the year 2021 and earlier periods	364	940
Total	**22,315**	**15,962**

16. Trade and other receivables

	As at 31 December 2024	As at 31 December 2023
Trade receivables due within 12 months	248,718	204,594
Trade receivables due in more than 12 months	2,900	2,570
Trade receivables from suppliers	143,289	106,082
Impairment losses on trade receivables	(11,996)	(9,885)
Total trade receivables	**382,911**	**303,361**
Profit distributions receivable from subsidiary limited partnership	10,621	13,765
Receivables from card and online payment system operators	2,516	1,438
Rent deposits receivable (i)	2,298	2,081
Other financial receivables (ii)	3,746	3,608
Impairment losses on other receivables	(40)	(33)
Total trade and other financial receivables	**402,052**	**324,220**
Prepaid deliveries	10,744	10,523
Receivables on sale of property, plant and equipment	-	-
Prepayments and accrued income	8,287	7,865
VAT tax to be settled in future periods/refunded to bank account	3,995	21,187
Other non-financial receivables	-	1,116
Total non-financial receivables	**23,026**	**40,691**
Total trade and other receivables	**425,078**	**364,911**
Other long-term receivables	4,187	4,368
Trade and other receivables	420,891	360,543
Total trade and other receivables	**425,078**	**364,911**

(all amounts in PLN thousands, unless stated otherwise)

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

(ii) Other receivables include the estimate of cost expected to be reimbursed by suppliers on account of customers' warranty complaints of PLN 3,393 thousand as at 31 December 2024 and PLN 3,241 thousand as at 31 December 2023.

The Company analyses trade receivables for impairment. To calculate impairment losses, the Company uses a matrix of trade receivables loss rates calculated for the adopted past due periods. Historical data (for two years) on collection of receivables were used to calculate the rates. The default rates are calculated for the following ageing groups:

- current
- 30 days past due
- 31–90 days past due
- 91–120 days past due
- 121–180 days past due
- 181–360 days past due
- more than 360 days past due

Impairment losses on trade receivables are calculated as the sum of the products of the rates adopted for the above ageing groups and the amount of outstanding trade receivables in each group as at the reporting date. Trade receivables included in the impairment loss calculation based on the rates from the adopted matrix are exclusive of insured receivables (up to the insurance limit for a given counterparty; with respect to amounts above the limit, impairment losses are calculated using the matrix rates) and receivables from suppliers. The loss rates were in each of these cases determined individually. Below is presented the amount of impairment losses by the past due groups of trade and other receivables:

As at 31 December 2024	current	1–30 days past due	31–90 days past due	91–120 days past due	121–180 days past due	181–360 days past due	more than 360 days past due	Total
Trade receivables analysed as a group								
Trade receivables	136,476	21,975	4,175	507	1,198	3,098	9,490	176,919
Expected loss rate	0.1%-0,19%	0.1%-0,4%	0.1%-8,75%	25%-34,31%	25%-31,31%	40%-48,82%	95%-100%	
Expected loss	(138)	(58)	(225)	(78)	(312)	(1,239)	(8,397)	(10,447)
Trade receivables analysed individually								
Insured trade receivables	67,785	6,711	203	-	-	-	-	74,699
Expected loss rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Expected loss	(339)	(33)	(1)	-	-	-	-	(373)
Trade receivables from suppliers	143,289	-	-	-	-	-	-	143,289
Expected loss rate	0%-3%	-	-	-	-	-	-	
Expected loss	(1,176)	-	-	-	-	-	-	(1,176)
Trade receivables from subsidiary	-	-	-	-	-	-	-	-
Expected loss rate	0.1%-1%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Expected loss	-	-	-	-	-	-	-	-
Total gross trade receivables	**347,550**	**28,686**	**4,378**	**507**	**1,198**	**3,098**	**9,490**	**394,907**
Total expected loss	**(1,653)**	**(91)**	**(226)**	**(78)**	**(312)**	**(1,239)**	**(8,397)**	**(11,996)**
Total trade receivables	**345,897**	**28,595**	**4,152**	**429**	**886**	**1,859**	**1,093**	**382,911**
Other receivables analysed individually								
Other financial receivables	3746	-	-	-	-	-	-	3746
Expected loss	(40)	-	-	-	-	-	-	(40)

(all amounts in PLN thousands, unless stated otherwise)

As at 31 December 2023	current	1–30 days past due	31–90 days past due	91–120 days past due	121–180 days past due	181–360 days past due	more than 360 days past due	Total
Trade receivables analysed as a group								
Trade receivables	97,338	27,514	2,882	763	737	1,293	7,730	138,257
Expected loss rate	0.1%-0,19%	0.1%-0,4%	0.1%-8,75%	25%-34,31%	25%-31,31%	40%-48,82%	95%-100%	
Expected loss	(147)	(69)	(201)	(157)	(324)	(161)	(7,435)	(8,494)
Trade receivables analysed individually								
Insured trade receivables	60,168	5,900	258	1	35	-	307	66,669
Expected loss rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Expected loss	(301)	(29)	(1)	-	-	-	(2)	(333)
Trade receivables from suppliers	106,082	-	-	-	-	-	-	106,082
Expected loss rate	0%-3%	-	-	-	-	-	-	
Expected loss	(1,036)	-	-	-	-	-	-	(1,036)
Trade receivables from subsidiary	392	1,837	-	-	-	9	-	2,238
Expected loss rate	0.1%-1%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Expected loss	(4)	(18)	-	-	-	-	-	(22)
Total gross trade receivables	**263,980**	**35,251**	**3,140**	**764**	**772**	**1,302**	**8,037**	**313,246**
Total expected loss	**(1,488)**	**(116)**	**(202)**	**(157)**	**(324)**	**(161)**	**(7,437)**	**(9,885)**
Total trade receivables	**262,492**	**35,135**	**2,938**	**607**	**448**	**1,141**	**600**	**303,361**
Other receivables analysed individually								
Other financial receivables	3608	-	-	-	-	-	-	3608
Expected loss	(33)	-	-	-	-	-	-	(33)

Below is presented change in impairment losses on trade receivables:

-	**Period ended 31 December 2024**	**Period ended 31 December 2023**
At beginning of period	**(9,885)**	**(8,377)**
(Recognition)/Decrease	(2,684)	(2,368)
Write-off	573	860
As at end of period	**(11,996)**	**(9,885)**

Trade and other receivables pledged as security

Trade receivables are pledged as security for credit facilities. Please refer to note 18 for details. The amount of receivables pledged as security in the reporting periods is presented below.

	As at 31 December 2024	**As at 31 December 2023**
Trade receivables encumbered with registered pledge	119,970	110,910

17. Equity

	As at 31 December 2024	**As at 31 December 2023**
Share capital issued	13,062	13,062

Share premium	106,299	106,299
Capital from issue of warrants	2,103	2,103
Retained earnings	1,135,836	947,272
Total equity	**1,257,300**	**1,068,736**

17.1. Share capital issued

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

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

	As at 31 December 2024	**As at 31 December 2023**
Fully paid-up share capital	**13,062**	**13,062**
Series A ordinary bearer shares	1	1
Series B ordinary bearer shares	111	111
Series C ordinary bearer shares	160	160
Series D ordinary bearer shares	48,320	48,320
Series E ordinary bearer shares	39,964	39,964
Series F ordinary bearer shares	4,444	4,444
Series G ordinary bearer shares	1,000	1,000
Series H ordinary bearer shares	23,000	23,000
Series I ordinary bearer shares	2,070	2,070
Series J ordinary bearer shares	11,550	11,550
Total (thousands of shares)	**130,620**	**130,620**
Par value per share (PLN)	0.10	0.10
Total par value	**13,062**	**13,062**

17.2. Retained earnings

Retained earnings include statutory reserve funds from profit distribution and undistributed profit/(loss).

	As at 31 December 2024	**As at 31 December 2023**
Retained earnings at beginning of reporting period	**947,272**	**745,840**
Dividend paid	(19,593)	(19,593)
Undistributed profit	208,157	221,025
Retained earnings at end of reporting period	**1,135,836**	**947,272**

(all amounts in PLN thousands, unless stated otherwise)

Changes in retained earnings	Period ended 31 December 2024	Period ended 31 December 2023
Retained earnings at beginning of period	**221,025**	**210,553**
Net profit attributable to owners	208,157	221,025
Dividend paid	(19,593)	(19,593)
Transfer to statutory reserve funds	(201,432)	(190,960)
Retained earnings at end of period	**208,157**	**221,025**

17.3. Dividend for 2023

On 28 March 2024, the Management Board of the Company passed a resolution to recommend a dividend payment 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, or PLN 0.15 per share. At its meeting held on 10 April 2024, the Supervisory Board resolved to endorse the Management Board's recommendation. At its meeting held on 24 May 2024, the Annual General Meeting resolved to pay dividend in accordance with the recommendation, setting 3 June 2024 as the dividend record date. The dividend was paid on 18 June 2024.

17.4. Management Board's proposal for the 2024 profit allocation

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 has recommended a dividend payment to the Company's shareholders totalling PLN 19,593,000, or PLN 0.15 per share. 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.

18. Borrowings

	As at 31 December 2024	As at 31 December 2023
Unsecured – at amortised cost		
Borrowings from related entities	26,700	27,250
	26,700	**27,250**
Secured – at amortised cost		
Overdraft facilities	26,639	73,085
Credit facilities	199,376	163,491
	226,015	**236,576**
Total borrowings	**252,715**	**263,826**
Non-current liabilities	158,092	104,145
Current liabilities (i)	94,623	159,681
Total borrowings	**252,715**	**263,826**

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

Credit facility and loan agreements:

Agreement	Repayment date	Limit (PLN)	Currency	As at 31 December 2024	As at 31 December 2023

ING Bank Śląski S.A. 1)	Multi-product facility agreement No. **882/2015/00000925/00** of 19 October 2015	10 October 2027	177,000			
	working capital overdraft facility			PLN	13,803	72,473
	working capital facility in credit account			PLN	97,262	70,560
Santander Bank Polska S.A. 2)	Multi-facility agreement No. **K00922/16** of 26 September 2016	31 March 2025*)	90,000			
	working capital facility in credit account			PLN	50,000	50,326
mBank S.A. 3)	Overdraft facility agreement No. **11/145/19/Z/VV** of 22 October 2019	30 September 2025	50,000			
	working capital overdraft facility			PLN	12,746	-
	working capital overdraft facility			EUR	25	419
mBank S.A. 4)	Working capital facility in credit account agreement No. **11/026/23/Z/LE** of 5 April 2023	29 September 2025	15,000			
	working capital facility in credit account			PLN	15,008	15,000
BNP Paribas Bank Polska S.A. 5)	Multi-purpose credit facility agreement No. **WAR/8806/21/537/CB** of 13 September 2021	15 September 2026	50,000			
	working capital overdraft facility			PLN	-	154
	working capital overdraft facility			EUR	65	39
BNP Paribas Bank Polska S.A. 6)	Revolving credit facility agreement No. **WAR/8806/22/17/CB** of 24 January 2022	15 September 2026	25,000			
	working capital facility in credit account			PLN	25,169	25,160
Credit Agricole Bank Polska S.A. 7)	Investment credit facility agreement No. **KRI/S/8/2022** of 13 September 2022	16 September 2028	15,000			
	investment credit facility in credit account			PLN	7,199	2,445
Credit Agricole Bank Polska S.A. 8)	Investment credit facility agreement No. **KRI/S/24/2024** of 5 September 2024	12 September 2029	10,000			
	investment credit facility in credit account			PLN	4,738	-
Katarzyna Górecka and Aleksander Górecki (9)	Loan agreement of 2 January 2014 (as amended)	31 December 2026	26,700			
	loan agreement			PLN	26,700	27,250
	Total				**252,715**	**263,826**

1) **ING Bank Śląski** Multi-product facility agreement No. **882/2015/00000925/00** of 19 October 2015

Within the credit limit granted under the agreement, the subsidiary Maxgear Sp. z o.o. Sp.k. is entitled to draw up to PLN 40,000 thousand, including under the PLN-denominated working capital overdraft facility and the USD-denominated working capital facility in a credit account. As at 31 December 2024, Maxgear Sp. z o.o. Sp.k.'s outstanding debt under the multi-product facility agreement (PLN-denominated working capital overdraft facility) was PLN 37,656 thousand. Both companies are jointly and severally liable for the obligations arsing under the agreement. The agreement is secured with: (a) a registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) of up to PLN 270,000 thousand; (b) registered pledge over inventories of merchandise (spare car parts) owned by Auto Partner S.A., located at ul. Ekonomiczna 20, in Bieruń, Poland, of up to PLN 270,000 thousand; (c) assignment of rights under the insurance policy covering the pledged inventories; (d) notarised consent to enforcement of debt of up to PLN 270,000 thousand, submitted by Auto Partner S.A. under Art. 777.1.5 of the Code of Civil Procedure; (e) notarised consent to enforcement of debt of up to PLN 270,000 thousand, submitted by Maxgear Sp. z o.o. Sp. z o.o. under Art. 777.1.5 of the Code of Civil Procedure; and (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700 thousand. Interest rates: PLN 1M WIBOR + margin, EUR 1M EURIBOR + margin, USD 1M SOFR + margin.

2) **Santander Bank Polska S.A.** Multi-facility agreement No. **K00922/16** of 26 September 2016

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 135,000 thousand; b) assignment of receivables to the Bank under the insurance policy covering the pledged assets; c) subordination of claims under a loan provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000 thousand; d) registered pledge over trade receivables from trading partners, as per the list attached as an appendix to the pledge agreement, with a minimum amount of PLN 15,000 thousand; e) 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. *) For more information on the repayment date, see note 30.

3) **mBank S.A.** Overdraft facility agreement No. **11/145/19/Z/VV** of 22 October 2019

The agreement is secured with: (a) a registered pledge over inventories of merchandise with a value of PLN 75,000 thousand; (b) assignment of rights under an inventory insurance contract for the pledged inventories; (c) notarised consent to enforcement of debt of up to PLN 75,000 thousand, submitted by the Company under Art. 777.1.5 of the Code of Civil Procedure; (d) subordination of claims under the loans provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000 thousand. Interest rates: PLN WIBORON + margin, EUR ESTRON + margin.

4) **mBank S.A.** Working capital facility in credit account agreement No. **11/026/23/Z/LE** of 5 April 2023

The credit facility is secured with a notarised consent to enforcement of debt of up to PLN 22,500 thousand, submitted by the Company under Art. 777.1.5 of the Code of Civil Procedure. Interest rates: PLN 1M WIBOR + margin

5) **BNP Paribas Bank Polska S.A.** Multi-purpose credit facility agreement No. **WAR/8806/21/537/CB** of 13 September 2021

Within the credit limit granted under the agreement, the subsidiary Maxgear Sp. z o.o. Sp.k. is entitled to draw up to PLN 35,000 thousand, including under the PLN-denominated working capital overdraft facility and the USD-denominated working capital facility in a credit account. As at 31 December 2024 Maxgear Sp. z o.o. Sp.k.'s outstanding debt under the agreement (PLN-denominated working capital overdraft facility) was PLN 23,060 thousand. The companies are liable for the obligations arising under the agreement up to the amounts specified therein. The agreement is secured with: a) notarised consent to enforcement of debt of up to PLN 75,000 thousand, submitted by Auto Partner S.A. under Art. 777.1.5 of the Code of Civil Procedure in respect of payment obligations under the agreement, the substance of which is acceptable to the Bank and which sets the deadline for requesting a writ of execution with regard to these obligations for 12 September 2034; b) notarised consent to enforcement of debt of up to PLN 52,500 thousand, submitted by Maxgear Sp. z o.o. Sp.kom. under Art. 777.1.5 of the Code of Civil Procedure in respect of payment obligations under the agreement, the substance of which is acceptable to the Bank and which sets the deadline for requesting a writ of execution with regard to these obligations for 9 September 2034; c) registered pledge with the maximum security amount of PLN 60,000 thousand over inventories of merchandise held by Auto Partner S.A. in its own and leased locations (not encumbered in favour of another pledgee), in accordance with a separate pledge agreement, with a total value of not less than PLN 60,000 thousand. Until the pledge is created, security in the form of assignment in favour of the Bank of the assets subject to the future pledge will remain in effect; d) assignment of rights under an insurance policy in favour of the Bank in respect of the pledged assets, with the proviso that the sum insured may not be less than PLN 50,000 thousand; e) agreement on subordination of the loan provided by Aleksander Górecki and Katarzyna Górecka under an agreement of 2 January 2014 of up to PLN 26,000 thousand to the facility. Interest rates: PLN 1M WIBOR + margin, EUR 1M EURIBOR + margin.

6) **BNP Paribas Bank Polska S.A.** Revolving credit facility agreement No. **WAR/8806/22/17/CB** of 24 January 2022

The agreement is secured with: a) a registered pledge with the maximum security amount of PLN 37,500 thousand over inventories of the borrower's merchandise held at the borrower's branches; b) notarised consent to enforcement of debt of up to PLN 37,500 thousand, submitted by the borrower under Art. 777.1.5 of the Code of Civil Procedure in respect of payment obligations under the agreement, the substance of which is acceptable to the Bank and which sets the deadline for requesting a writ of execution with regard to these obligations for 30 January 2023; c) assignment of rights under an insurance contract for the pledged inventories in favour of the Bank, with the proviso that the sum insured may not be less than PLN 25,000 thousand; d) an agreement on subordination of claims under the loans provided to the borrower by Katarzyna Górecka and Aleksander Górecki to the credit facility. Interest rates: PLN 1M WIBOR + margin

7) **Credit Agricole Bank Polska S.A.** Investment credit facility agreement No. **KRI/S/8/2022** of 13 September 2022

(all amounts in PLN thousands, unless stated otherwise)

The agreement is secured with: 1) a registered pledge over the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility; 2) assignment of any claims under insurance policies covering the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility; 3) subordination of a loan obtained from Katarzyna Górecka and Aleksander Górecki for up to PLN 26,700 thousand; 4) notarised consent to enforcement of debt of up to PLN 18,500 thousand, submitted under Art. 777.1.5 of the Code of Civil Procedure in respect of payment obligations under the agreement. Interest rates: PLN 1M WIBOR + margin

8) **Credit Agricole Bank Polska S.A.** Investment credit facility agreement No. **KRI/S/24/2024** of 5 September 2024

The agreement is secured with: 1) registered pledge over the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility; 2) assignment of any claims under insurance policies covering the equipment financed with funds drawn on the facility, for up to 120% of the amount disbursed by the Bank under the facility; 3) notarised consent to enforcement of debt of up to PLN 12,000 thousand, submitted under Art. 777.1.5 of the Code of Civil Procedure in respect of payment obligations under the agreement, the substance of which is acceptable to the Bank. 4) shareholder loan subordination agreement for an amount of no less than PLN 26,700 thousand. The interest rate was set at 1M WIBOR plus margin.

9) Security: none. Interest rates: 3M WIBOR + margin.

19. Provisions

	As at 31 December 2024	**As at 31 December 2023**
Provision for warranty repairs (i)	2,990	2,770
Provision for tax risks (ii)	2,207	1,723
Provision for other costs	2,660	3,943
	7,857	**8,436**
Short-term provisions	7,857	8,436
Total	**7,857**	**8,436**

(i) In accordance with the applicable laws, the Company provides consumer warranty for the goods sold. Under the warranty, the Company must replace defective goods or return cash. The Management Board of the Company estimated future warranty costs and recognised appropriate provisions.

(ii) On 18 December 2024, the Company received a report on a customs and tax audit of the Company's VAT settlements in the period from January 2022 to September 2023, which was carried out under the Value Added Tax Act of 11 March 2004. In the audit report, the Customs and Tax Office ("CFO") questioned the Company's right to deduct input VAT amounting to PLN 1,387 thousand for the audited period. Disagreeing with the auditors' findings, the Company decided not to exercise its right to correct the relevant VAT returns within 14 days of receipt of the report. The Company expects the competent customs and tax authorities to commence formal tax proceedings in the matter and the Customs and Tax Office to issue a tax liability assessment consistent with the audit findings. In accordance with IAS 37, the Management Board has concluded that the conditions for recognising a provision on this account have been met (the provision amount includes the additional tax liability and related interest charges). Bases on the audit findings, the authorities are anticipated to take further actions to enforce recovery of the contested VAT deduction. During the upcoming tax proceedings, the Company intends to present additional clarifications and supporting evidence to persuade the Customs and Tax Office to revise its assessment of the facts of the case and their legal interpretation and, accordingly, to discontinue proceedings. If the Customs and Tax Office issues a tax liability assessment consistent with its original audit findings, the Company intends to appeal, potentially pursuing judicial remedies to obtain a ruling in its favour. In view of the absence of established case law in similar matters, the Company considers the risk of an adverse final outcome as material. Additionally, as at 31 December 2024, the Company reversed a provision originally recognised on 31 December 2021 relating to a previous customs and tax audit concerning tax-free transactions in the period from 1 January 2017 to 30 June 2017, which was also carried out under the Value Added Tax Act of 11 March 2004. This provision had initially been created due to the potential risk of similar audits covering other periods (not included in the audit in question). Following a reassessment of this risk, which is now considered immaterial, the Management Board decided to reverse the said provision.

(all amounts in PLN thousands, unless stated otherwise)

20. Trade and other payables

20.1. Trade and other payables

	As at 31 December 2024	As at 31 December 2023
Trade payables due within 12 months	161,435	163,073
Trade receivables from suppliers	(37,694)	(33,702)
Taxes, customs duties, social security and other benefits payable	2,657	2,181
Liabilities arising from acquisition of property, plant and equipment and intangible assets	1,817	8,051
Other liabilities	352	193
	128,567	**139,796**
Current liabilities	128,567	139,796
Total	**128,567**	**139,796**

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

20.2. Contract liabilities

	As at 31 December 2024	As at 31 December 2023
Contract liabilities	761	593
Right-of-return liabilities	32,645	26,303
Total	**33,406**	**26,896**

21. Financial liabilities under lease contracts

Total payments under lease contracts	As at 31 December 2024	As at 31 December 2023
Up to 1 year	49,526	46,606
From 1 year to 5 years	143,197	116,756
Over 5 years	75,513	69,914
	268,236	233,276
Less future finance charges	(56,330)	(44,996)
Present value of lease liabilities	**211,906**	**188,280**
Long-term lease liabilities	175,882	151,414
Short-term lease liabilities	36,024	36,866
Total	**211,906**	**188,280**

Present value of lease liabilities	As at 31 December 2024	As at 31 December 2023
Up to 1 year	36,024	36,866
From 1 year to 5 years	112,571	89,884
Over 5 years	63,311	61,530
Total	**211,906**	**188,280**

(all amounts in PLN thousands, unless stated otherwise)

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

IFRS 16 provides for exceptions to the lessee's general lease model for short-term leases and leases of low-value assets. In such cases, the Company does not recognise any right-of-use assets or lease liabilities. The lease contracts entered into by the Company grant full flexibility in the use of the leased assets and do not impose restrictions typical of standard lease arrangements.

Provided below are the amounts expensed:

	Period ended 31 December 2024	**Period ended 31 December 2023**
Cost of short-term leases (i)	14,048	11,440
Cost of leases not disclosed due to the low value of underlying assets (ii)	1,906	1,571
Total	**15,954**	**13,011**

(i) The Company applies the short-term lease exemption to indefinite-term property leases with notice periods shorter than 12 months, provided that the leased space does not require significant customisation (fit-out), there are no substantial exit barriers (such as penalties for early termination), the Company has practical access to alternative premises on the market, and relocation costs would not be material. Costs of some of the lease contracts are also re-charged to the cooperating affiliates.

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

Future lease liabilities are presented below:

	As at 31 December 2024	**As at 31 December 2023**
Value of future lease liabilities	187,725	97,346
Less future finance charges (discount)	(53,739)	(36,562)
Present value of future lease liabilities (iii)	**133,986**	**60,784**

(iii) The Company entered into contracts which will be classified as leases under IFRS 16. However the liabilities under these contracts are not disclosed as at the reporting date due to the failure to make the leased assets available for use by the Company by 31 December 2024. The contract include the lease of the Zgorzelec warehouse and leases of warehouse equipment and automation systems.

22. Change in liabilities arising from financing activities

Changes in debt liabilities in the reporting period are presented below:

Item	**Note**	**As at 1 January 2024**	**Liabilities incurred**	**Liabilities paid**	**Interest accrued**	**Interest paid**	**Exchange differences on measurement**	**Other**	**As at 31 December 2024**
Working capital overdraft facilities	18	73,085	12,746	(59,126)	2,114	(2,179)	(1)	-	26,639
Working capital facilities in credit accounts	18	161,046	27,000	-	9,779	(10,386)	-	-	187,439
Investment credit facilities in credit accounts	18	2,445	9,971	(480)	484	(483)	-	-	11,937
Borrowings from related parties	18	27,250	-	-	2,206	(1,376)	-	(1,380)	26,700
Lease liabilities	21	188,280	64,466	(43,192)	11,586	(11,586)	2,352	-	211,906
Total		**452,106**	**114,183**	**(102,798)**	**26,169**	**(26,010)**	**2,351**	**(1,380)**	**464,621**

(all amounts in PLN thousands, unless stated otherwise)

Item	Note	as at 1 January 2023	Liabilities incurred	Liabilities paid	Interest accrued	Interest paid	Exchange differences on measurement	Other	as at 31 December 2023
Working capital overdraft facilities	18	85,461	50,116	(62,513)	2,564	(2,544)	1	-	73,085
Working capital facilities in credit accounts	18	162,533	25,000	(27,000)	11,714	(11,201)			161,046
Investment credit facilities in credit accounts	18	-	2,445	-	42	(42)	-	-	2,445
Borrowings from related parties	18	28,035	-	-	2,414	(1,476)	-	(1,723)	27,250
Lease liabilities	21	149,635	86,008	(43,027)	9,912	(9,912)	(4,336)	-	188,280
Total		**425,664**	**163,569**	**(132,540)**	**26,646**	**(25,175)**	**(4,335)**	**(1,723)**	**452,106**

23. Notes to the statement of cash flows

23.1. Components of cash

	As at 31 December 2024	As at 31 December 2023
Cash in hand	2,073	2,578
Cash at banks	26,277	21,372
Cash in bank deposits	501	745
Cash in transit	6,259	7,655
Other cash	6	36
Total cash and cash equivalents in the statement of financial position	**35,116**	**32,386**
in PLN	21,384	15,535
in other currencies (including measurement)	13,732	16,851
Total	**35,116**	**32,386**
including restricted cash – split payment accounts	*12,971*	*1,244*

23.2. Notes to the statement of cash flows

	Period ended 31 December 2024	Period ended 31 December 2023
Current income tax recognised in the statement of comprehensive income	(41,364)	(32,509)
Income tax relating to prior periods recognised in the statement of comprehensive income	(88)	(322)
Change in current tax assets	1,257	(1,257)
Change in current tax liabilities	1,715	(18,642)
Income tax paid	**(38,480)**	**(52,730)**
Change in other long-term receivables	181	(208)
Change in trade and other receivables	(60,348)	(55,766)
Adjustment for change in profit distributions receivable from subsidiary	(3,144)	1,661
Adjustment for financial liability offset	(1,380)	(1,116)
Adjustment for advance payments	-	(870)
Adjustment for conversion of trade receivables from subsidiary into contribution to statutory reserve funds	-	(14,995)
Other	(40)	16
Change in trade and other receivables	**(64,731)**	**(71,278)**
Profit distributions from subsidiary	13,765	13,213
Accrued profit distributions from subsidiary for current period	(10,621)	(13,765)
Adjustment for profit distributions from subsidiary's statutory reserve funds	-	(1,109)
Change in profit distributions receivable from subsidiary	**3,144**	**(1,661)**

(all amounts in PLN thousands, unless stated otherwise)

Change in trade and other payables	(11,229)	(33,506)
Adjustment for change in liabilities relating to purchase of non-current assets	6,234	(7,299)
Other	2	(608)
Change in trade and other payables	**(4,993)**	**(41,413)**
Loans	(3,260)	(3,537)
Repayment of loans	3,210	3,541
Interest accrued	(122)	(104)
Interest received	122	104
Realised foreign exchange gains/(losses)	50	(4)
Change in loans	**-**	**-**
Gross additions to property, plant and equipment	(99,841)	(120,922)
Gross additions to intangible assets	(4,422)	(11,235)
Adjustment for change in settlements related to purchase of property, plant and equipment and intangible assets	(6,234)	7,299
Adjustment for lease contracts made	65,083	86,879
Purchase of property, plant and equipment and intangible assets	**(45,414)**	**(37,979)**
Credit facilities received	9,971	-
Repayment of credit facilities	(19,860)	(11,952)
Adjustment for change in interest and fees on credit facilities	(671)	532
Exchange differences on measurement	(2)	2
Interest accrued on loan	2,207	1,806
Payment of interest on loan	(1,376)	(1,475)
Adjustment for financial liability offset	(1,380)	(1,116)
Change in borrowings	**(11,111)**	**(12,203)**
New leases	64,466	86,879
Payment of lease liabilities	(43,192)	(43,027)
Adjustment for change in prepayments under lease contracts	-	(870)
Adjustment for change in exchange differences arising from measurement	2,352	(4,336)
Other adjustments	-	(1)
Change in lease liabilities	**23,626**	**38,645**
Interest and fees paid on credit facilities	(13,048)	(13,784)
Interest and fees paid on factoring arrangements	-	(3)
Interest paid on leases	(11,586)	(9,912)
Interest paid on non-bank borrowing	(1,376)	(1,476)
Interest and fees paid	**(26,010)**	**(25,175)**

24. Employee benefit obligations and provisions

24.1. Employee benefit obligations and provisions

	As at 31 December 2024	**As at 31 December 2023**
Salaries and wages payable	13,246	12,430
Social security and Employee Capital Plan obligations	12,574	11,800
Provision for accrued holiday entitlements (ii)	7,166	6,370
Provision for retirement and disability benefit obligations (ii)	1,000	898
Provision for obligations under the Incentive Scheme for 2022 (i)	760	2,280
	34,746	**33,778**
Long-term employee benefit obligations and provisions	856	1,527
Short-term employee benefit obligations and provisions	33,890	32,251

(all amounts in PLN thousands, unless stated otherwise)

Total	**34,746**	**33,778**

(i) For detailed information on the Incentive Scheme for Members of the Management Board for 2022‒2024, see section 1.5 *'Incentive scheme for the Group's key employees'* in the Directors' Report on the Company's and the Group's operations in 2024.

The settlement of obligations arising from the Incentive Scheme in 2024 is presented below:

	bonus granted for 2022	obligations as at 31 December 2023	bonus paid	obligations as at 31 December 2024
			in 2024	
Management Board	7,600	2,280	(1,520)	760

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

The table below shows changes in provisions:

	Period ended 31 December 2024	**Period ended 31 December 2023**
(Increase)/decrease in provision for accrued holiday entitlements	(796)	(2,111)
(Increase)/decrease in provision for retirement and disability benefit obligations	(102)	(400)
(Increase)/decrease in provision for obligations under the Incentive Scheme for 2020	-	348
(Increase)/decrease in provision for obligations under the Incentive Scheme for 2022	1,520	5,320
Total change	**622**	**3,157**

	As at 31 December 2023	recognised	reversed	used	**As at 31 December 2024**
Provision for accrued holiday entitlements	6,370	6,060	-	(5,264)	7,166
Provision for retirement and disability benefit obligations	898	108	-	(6)	1,000
Provision for obligations under the Incentive Scheme for 2022	2,280	-	-	(1,520)	760
Total	**9,548**	**6,168**	**-**	**(6,790)**	**8,926**

24.2. Defined contribution plans

The social security system operates on the basis of a state scheme whereby the Company is required to pay social security contributions to employees when they become due. The Company has no legal or customary obligation to pay future social security benefits. The Company recognises the cost of contributions relating to the current period in profit or loss for the current period as an employee benefit expense.

(all amounts in PLN thousands, unless stated otherwise)

	Period ended 31 December 2024	**Period ended 31 December 2023**
Social security Contributions financed by the employer, expensed	(42,821)	(35,857)

24.3. Employee capital plans

Pursuant to the Act on Employee Capital Plans of 4 October 2018, the Company is obliged to pay specific contributions towards such plans. The Company recognises the cost of contributions relating to the current period in profit or loss for the current period as an employee benefit expense.

	Period ended 31 December 2024	**Period ended 31 December 2023**
Employee Capital Plan contributions financed by the employer, expensed	(1,202)	(830)

25. Categories of financial instruments

	As at 31 December 2024	**As at 31 December 2023**
Financial assets		
Measured at fair value through profit or loss:	**-**	**-**
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Measured at amortised cost:	**437,168**	**356,606**
Cash	*35,116*	*32,386*
Trade and other financial receivables	*391,431*	*310,455*
Profit distributions receivable	*10,621*	*13,765*
Loans	-	-
Measured at fair value through other comprehensive income	**-**	**-**
Financial assets excluded from the scope of IFRS 9 – shares	45,665	45,553
Financial liabilities		
Measured at fair value through profit or loss:	**-**	**-**
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Hedging derivatives	-	-
Measured at amortised cost:	**379,034**	**401,841**
Trade payables	*123,741*	*129,371*
Contract liabilities	*761*	*593*
Liabilities arising from acquisition of property, plant and equipment and intangible assets	*1,817*	*8,051*
Borrowings	*252,715*	*263,826*
Financial liabilities outside the scope of IFRS 9 – lease liabilities	211,906	188,280

(all amounts in PLN thousands, unless stated otherwise)

Fair value

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

26. Financial risk management

The Company's business involves exposure to a number of different financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Company's principal objective in financial risk management is to ensure liquidity.

Capital management

The purpose of capital management by the Company's Management Board is to ensure that the Group can continue as a going concern and to maximise return for the shareholders by optimising the debt-equity structure. The Company analyses its capital position using the ratio calculated as total liabilities to equity disclosed in the statement of financial position.

	As at 31 December 2024	**As at 31 December 2023**
Total liabilities	714,263	697,793
Equity	1,257,300	1,068,736
Debt to equity ratio	**0.57**	**0.65**

The Company 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.

	Period ended 31 December 2024	**Period ended 31 December 2023**
Share capital	13,062	13,062
Statutory reserve funds created to cover losses in accordance with the Commercial Companies Code	**4,354**	**4,354**

2) Under a credit facility agreement, the Company must not, without prior consent of the Bank, distribute dividend from net profit of the preceding financial year if:

- the solvency ratio (equity-to-total assets) is below 50%, and/or

- the ratio of interest-bearing debt to EBITDA exceeds 3.5 or is negative.

These ratios are calculated based on consolidated financial data, with interest-bearing debt defined as the sum of long-term and short-term liabilities arising from borrowings from both related and unrelated parties, long-term and short-term liabilities arising from the issuance of debt securities, promissory notes, other financial instruments and arrangements, and other long-term and short-term liabilities towards unrelated parties, less subordinated loans and cash and other monetary assets. EBITDA is defined as net profit plus depreciation, amortisation, interest, and taxes, calculated based on the results of the preceding four reporting periods.

As at the reporting date, the Company complied with all the applicable covenants..

(all amounts in PLN thousands, unless stated otherwise)

Credit risk

Credit risk at the Company is related mainly to trade receivables, and means the risk that a counterparty will default on its contractual obligations, which will result in financial losses to the Group. As a rule, the Company only trades with customers with proven creditworthiness; if necessary, the Company takes appropriate security to reduce the risk of incurring financial losses due to the customer's default. The Company uses financial information available in the public domain and its own transaction data to assess the creditworthiness of its main customers. The Company's exposure to credit risk is constantly monitored. Trade receivables include amounts due from a large number of customers. Therefore, the Company 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 Company additionally takes out insurance to cover primarily a specific portfolio of receivables from its foreign customers, but also receivables from its large domestic customers. Such insurance is taken out for annual settlement periods. The Company recognises impairment losses on receivables using a matrix based on historical data, showing what percentage of receivables from a given ageing group were not finally collected. The Company typically recognises impairment losses for the full amount of trade receivables that are more than 360 days past due, except for insured receivables. The total net carrying amount of trade receivables (including impairment losses) that are one day or more past due is PLN 37,014 thousand. The Management Board is confident that these receivables pose no risk of non-recovery, considering historical expected loss rates. Details on the methodology for calculating impairment losses on receivables can be found in notes 2.9.7 and 16 to these financial statements.

The credit risk concentration concerning cash is limited, as the Company invests its cash holdings in Poland and internationally with reputable banks boasting strong credit ratings. The breakdown of cash concentration as at 31 December 2024, based on bank credit ratings, is provided below:

A and higher ratings – 69.84%

BBB+ to BBB ratings – 6.43%

Cash in hand, cash in transit and other cash – 23.73%.

Market risk

Interest rate risk

The Company is exposed to interest rate risk. The Company's Management Board manages this risk by contracting both fixed- and floating-rate borrowings and leases. In the reporting period, the Company did not enter into any transactions to hedge its interest rate risk.

As at the reporting date, the Company's entire debt bearing interest at floating rates was linked mainly to WIBOR (for details, see note 18).

The Company's debt includes predominantly interest-bearing debt at floating rates. Presented below is the structure of floating-rate financial instruments and the sensitivity of the Group's net profit or loss to possible changes in interest rates, all other factors being equal. The data shows the effect of basis points on the Company's full-year net profit or loss:

	As at 31 December 2024	**As at 31 December 2023**
Cash at banks	26,778	22,117
Liabilities under credit facilities	(226,015)	(236,576)
Liabilities under non-bank borrowings	(26,700)	(27,250)
Lease liabilities	(62,170)	(66,365)
Variable rate financial assets and liabilities	**(288,107)**	**(308,074)**
Change in financial assets and liabilities	(2,881)	(3,081)
Effect on profit before tax	(2,881)	(3,081)
Tax effect	547	585
Effect of 100 bps increase in interest rate on net profit	**(2,334)**	**(2,496)**
Change in financial assets and liabilities	2,881	3,081
Effect on profit before tax	2,881	3,081

(all amounts in PLN thousands, unless stated otherwise)

Tax effect	(547)	(585)
Effect of 100 bps decrease in interest rate on net profit	**2,334**	**2,496**

Currency risk

The Company enters into certain transactions denominated in foreign currencies, and thus it is exposed to the risk of exchange rate fluctuations. In the reporting period, the Company used derivative instruments to hedge against the currency risk. The Company is exposed to significant currency risk resulting from its currency exposure, which may affect future cash flows and profit or loss. The main source of currency risk at the Company are purchases of goods in the euro, and sales of goods in the euro, the Czech koruna, the Hungarian forint and the Romanian leu.

The table below presents the Company's sensitivity to 5%/10% appreciation or depreciation of the Polish złoty against the relevant foreign currencies. The sensitivity analysis covers only outstanding monetary items denominated in foreign currencies and adjusts the end-of-period translation for a 5%/10% change in exchange rates. A positive value in the table below indicates an increase in profit, while a negative value means the opposite effect of exchange rate movements on profit or equity.

The carrying amount of the Company's monetary assets and liabilities denominated in foreign currencies as at the reporting date was as follows:

As at 31 December 2024	**EUR**	**CZK**	**HUF**	**RON**	**other**
Trade receivables	212,319	6,742	2,813	2,924	322
Cash	6,341	2,518	2,397	1,018	1,458
Credit facilities	(90)	-	-	-	-
Trade payables	(49,089)	(3,876)	(392)	(340)	(107)
Lease liabilities	(121,642)	-	-	-	-
Gross exposure	**47,839**	**5,384**	**4,818**	**3,602**	**1,673**
Exchange rate increase +5%					
Profit (loss) before tax	2,392	269	241	180	84
Tax effect	(454)	(51)	(46)	(34)	(16)
Effect on net profit (loss)	1,938	218	195	146	68
Exchange rate decrease -5%					
Profit (loss) before tax	(2,392)	(269)	(241)	(180)	(84)
Tax effect	454	51	46	34	16
Effect on net profit (loss)	(1,938)	(218)	(195)	(146)	(68)
Exchange rate increase +10%					
Profit (loss) before tax	4,784	538	482	360	167
Tax effect	(909)	(102)	(92)	(68)	(32)
Effect on net profit (loss)	3,875	436	390	292	135
Exchange rate decrease -10%					
Profit (loss) before tax	(4,784)	(538)	(482)	(360)	(167)
Tax effect	909	102	92	68	32
Effect on net profit (loss)	(3,875)	(436)	(390)	(292)	(135)

As at 31 December 2023	**EUR**	**CZK**	**HUF**	**RON**	**other**
Trade receivables	158,198	7,718	3,277	2,932	9
Cash	7,459	4,841	3,403	655	493
Credit facilities	(458)	-	-	-	-
Trade payables	(87,255)	(2,321)	(437)	(257)	(57)
Lease liabilities	(103,001)	-	-	-	-
Gross exposure	**(25,057)**	**10,238**	**6,243**	**3,330**	**445**

(all amounts in PLN thousands, unless stated otherwise)

Exchange rate increase +5%					
Profit (loss) before tax	(1,253)	512	312	167	22
Tax effect	238	(97)	(59)	(32)	(4)
Effect on net profit (loss)	(1,015)	415	253	135	18
Exchange rate decrease -5%					
Profit (loss) before tax	1,253	(512)	(312)	(167)	(22)
Tax effect	(238)	97	59	32	4
Effect on net profit (loss)	1,015	(415)	(253)	(135)	(18)
Exchange rate increase +10%					
Profit (loss) before tax	(2,506)	1,024	624	333	45
Tax effect	476	(195)	(119)	(63)	(8)
Effect on net profit (loss)	(2,030)	829	505	270	37
Exchange rate decrease -10%					
Profit (loss) before tax	2,506	(1,024)	(624)	(333)	(45)
Tax effect	(476)	195	119	63	8
Effect on net profit (loss)	2,030	(829)	(505)	(270)	(37)

Changes in the exchange rates of currencies other than EUR and CZK have no material effect on the Company's profit.

Liquidity risk

The Company monitors and manages liquidity risk through ongoing analysis of its asset and liability structure and cash flow projections. The liquidity management policy aims to ensure that the Company maintains sufficient resources to meet its financial obligations as they fall due.

The Company had the following undrawn amounts of credit facilities as at the stated reporting dates:

	As at 31 December 2024	**As at 31 December 2023**
Secured bank financing:		
Limit	**432,000**	**422,000**
including:		
Drawdowns	225,447	235,336
Drawdowns by subsidiary	60,715	36,454
Total drawdowns	**286,162**	**271,790**
Balance available	**145,838**	**150,210**

Apart from the above credit facilities contracted with banks, the Company also uses non-bank borrowings (note 18).

As at the end of the reporting period, the Company held highly liquid assets disclosed in the statement of financial position as cash of PLN 35,116 thousand (31 December 2023: PLN 32,386 thousand), which may be at any time used to manage liquidity risk.

The table below presents the Company's liabilities as at 31 December 2024 and 31 December 2023, grouped by maturity based on contractual payment terms Liabilities under borrowings (calculated assuming full utilisation of credit facilities as at the reporting date) and leases include both principal amounts and related interest and commissions payable, determined in accordance with the terms of the relevant agreements.

	Note		**future cashflows**

		Carrying amount	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	over 5 years
As at 31 December 2024						
Interest-bearing credit facilities	18	226,015	97,550	81,373	307,877	-
Interest-bearing loans	18	26,700	550	1,650	28,900	-
Lease liabilities	21	211,906	12,165	37,361	143,197	75,513
Trade payables	20	123,741	119,884	1,839	814	-
Other liabilities	20	4,826	4,826	-	-	-
		593,188	**234,975**	**122,223**	**480,788**	**75,513**

	Note	Carrying amount	future cashflows			
			up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	over 5 years
As at 31 December 2023						
Interest-bearing credit facilities	18	236,576	97,283	205,926	149,431	-
Interest-bearing loans	18	27,250	1,103	1,658	31,121	-
Lease liabilities	21	188,280	13,532	33,074	116,756	69,914
Trade payables	20	129,371	129,371	-	-	-
Other liabilities	20	10,425	10,425	-	-	-
		591,902	**251,714**	**240,658**	**297,308**	**69,914**

27. Related-party transactions

All transactions with related parties are made on an arm's length basis. The Company enters into transactions with parties related thereto through equity interests, members of its Management Board, and entities related to members of its Supervisory Board and Management Board and their family members. The values of those transactions are presented below.

Transactions with entities with cross-equity links

Sales of merchandise and services and other income	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Maxgear Sp. z o.o. Sp. komandytowa	**8,534**	**8,365**
including:		
sales of merchandise	*8*	*3*
sales of services	*8,383*	*8,051*
re-charge of costs	*143*	*311*
AP Auto Partner CZ s.r.o.	**34,471**	**27,479**
including:		
sales of merchandise	*34,057*	*27,192*
sales of services	*271*	*203*
re-charge of costs	*143*	*84*
Total	**43,005**	**35,844**

Finance income	**Period ended 31 December 2024**	**Period ended 31 December 2023**

(all amounts in PLN thousands, unless stated otherwise)

Maxgear Sp. z o.o. Sp. komandytowa	**10,846**	**13,990**
including:		
share of profit	*10,621*	*13,765*
corporate surety	*225*	*225*
Maxgear Sp. z o.o.	**-**	**1,109**
including:		
distribution of dividend from statutory reserve funds	*-*	*1,109*
Total	**10,846**	**15,099**

Finance costs	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Maxgear Sp. z o.o. Sp. komandytowa	**(681)**	**(681)**
including:		
corporate surety	*(681)*	*(681)*
Total	**(681)**	**(681)**

Purchase of merchandise and other purchases	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Maxgear Sp. z o.o. Sp. komandytowa	**480,878**	**383,848**
including:		
purchase of merchandise	*480,878*	*383,848*
Total	**480,878**	**383,848**

Receivables	**As at 31 December 2024**	**As at 31 December 2023**
Maxgear Sp. z o.o. Sp. komandytowa	**12,760**	**13,765**
including:		
trade receivables	*2,139*	*-*
profit distributions receivable	*10,621*	*13,765*
AP Auto Partner CZ s.r.o.	**-**	**2,238**
including:		
trade receivables	*-*	*2,238*
Total	**12,760**	**16,003**

Liabilities	**As at 31 December 2024**	**As at 31 December 2023**
Maxgear Sp. z o.o. Sp. komandytowa	**29,107**	**16,649**
including:		
trade payables	*29,107*	*16,649*

(all amounts in PLN thousands, unless stated otherwise)

AP Auto Partner CZ s.r.o.	**657**	**-**
including:		
trade payables	*657*	*-*
Total	**29,764**	**16,649**

Transactions with entities with personal links to members of the Management Board and the Supervisory Board; transactions with members of the Management Boards of the subsidiaries

Sales of merchandise and services and other income	**Period ended 31 December 2024**	**Period ended 31 December 2023**
entities related to members of the Management Board and the Supervisory Board	**81**	**61**
including:		
sales of merchandise	-	-
re-charge of costs	*81*	*61*
members of subsidiaries' Management Boards	**17**	**17**
including:		
sales of merchandise	-	*2*
re-charge of costs	*17*	*15*
Total	**98**	**78**

Purchase of merchandise and services and other purchases	**Period ended 31 December 2024**	**Period ended 31 December 2023**
entities related to members of the Management Board and the Supervisory Board	**2,398**	**2,239**
including:		
purchase of services	*2,398*	*2,239*
members of subsidiaries' Management Boards	**572**	**502**
including:		
purchase of services	*572*	*502*
Total	**2,970**	**2,741**

Receivables	**As at 31 December 2024**	**As at 31 December 2023**
entities related to members of the Management Board and the Supervisory Board	60	55
members of subsidiaries' Management Boards	3	1
Total	**63**	**56**

Liabilities	**As at 31 December 2024**	**As at 31 December 2023**
entities related to members of the Management Board and the Supervisory Board	199	199

(all amounts in PLN thousands, unless stated otherwise)

members of subsidiaries' Management Boards	40	21
Total	**239**	**220**

Transactions with and remuneration of members of the Management Board and the Supervisory Board

Sales of merchandise and services and other income	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Members of the Management Board	**375**	**38**
including:		
re-charge of costs	*375*	*38*
Total	**375**	**38**

Receivables	**As at 31 December 2024**	**As at 31 December 2023**
Members of the Management Board	8	97
Total	**8**	**97**

Salaries	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Members Management Board (Note 23)	1,529	1,056
Supervisory Board	258	173
Total	**1,787**	**1,229**

Obligations under the Incentive Scheme	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Members Management Board (Note 23)	760	2,280
Total	**760**	**2,280**

For information on gross remuneration paid to management personnel, see section 1.9 *'Remuneration of members of Auto Partner S.A. Management and Supervisory Boards'* in the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in 2024.

Loan advanced to the Company

Loans received	**As at 31 December 2024**	**As at 31 December 2023**

Loan from shareholders (note 18)	26,700	27,250
Total	**26,700**	**27,250**

Finance costs	**Period ended 31 December 2024**	**Period ended 31 December 2023**
Interest expense recognised	(2,207)	(2,414)
Total	**(2,207)**	**(2,414)**

(i) Aleksander Górecki, as the sole founder of Turzyńska Fundacja Rodzinna (the "Foundation"), a beneficiary of the Foundation, member of the Foundation's Beneficiaries' Meeting and member of the Foundation's Management Board, indirectly holds Company shares through the Foundation, representing 43.60% of the Company's share capital and 43.60% of total voting rights at the Company's General Meeting. Mr Górecki also serves as President of the Management Board of the Company. Katarzyna Górecka is a member of the Beneficiaries' Meeting of Turzyńska Fundacja Rodzinna and is a Beneficiary of the Foundation.

28. Contingent liabilities, guarantees provided, and contingent assets

Bank guarantees:

As at 31 December 2024, the Company held the following bank guarantees:

– EUR 951 thousand bank guarantee No. DOK2419GWB20AR of 27 July 2020, provided in connection with a lease contract for a property in Bieruń, valid until 15 July 2026, granted within the credit limit of the facility provided by Santander Bank Polska S.A.

– EUR 190 thousand bank guarantee No. DOK2418GWB20TI of 27 July 2020, provided in connection with a lease contract for a property in Pruszków, valid until 31 December 2024, granted within the credit limit of the facility provided by Santander Bank Polska S.A.

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

– EUR 528 thousand bank guarantee No. DOK1141GWB22WS of 25 March 2022 (as amended), provided in connection with a lease contract for a property in Mysłowice, valid until 30 September 2025, granted within the credit limit of the facility provided by Santander Bank Polska S.A.

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

– PLN 2,000 thousand bank guarantee No. KLG87054IN23 of 3 April 2023, 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.

– PLN 3,000 thousand bank guarantee No. KLG95891IN24 of 12 June 2024, 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.

– EUR 655 thousand bank guarantee No. KLG99214IN24 of 15 November 2024, provided in connection with a lease contract for the Zgorzelec logistics hub, valid until 14 November 2027, granted within the credit limit of the facility provided by ING Bank Śląski S.A.

Tax liabilities

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

(all amounts in PLN thousands, unless stated otherwise)

29. Auditor fees

On 11 April 2022, the Supervisory Board passed a resolution to appoint PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. of Warsaw to audit the separate and consolidated financial statements for the financial years 2022, 2023, 2024 and to review the interim separate and consolidated financial statements for 2022, 2023, 2024. The agreement was signed on 5 May 2022. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. of Warsaw is entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors under Reg. No. 144.

VAT-exclusive auditor fees for auditing the financial statements:

	Period ended 31 December 2024	**Period ended 31 December 2023**
Audit of full-year financial statements	325	268
Review of financial statements	100	109
Total auditor fees	**425**	**377**

30. Headcount at the Company

	As at 31 December 2024	**As at 31 December 2023**
Management and administration	153	146
Sales and marketing	988	972
Logistics and storage	1,636	1646
Total (persons)	**2,777**	**2,764**

31. 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 20 February 2025, bank guarantee no. DOK0572GWB25CK 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.

3) On 11 March 2025, Amendment Agreement No. 12 was signed to Multi-Facility Agreement No. **K00922/16** of 26 September 2016 with Santander Bank Polska S.A. The Amendment Agreement provides for:

- 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.

4) On 31 March 2025, the Management Board of the Company passed a resolution to recommend a dividend payment for the 2024 financial year to the Annual General Meeting. Pursuant to the resolution, the Management Board has recommended a dividend payment to the Company's shareholders totalling PLN 19,593,000, or PLN 0.15 per share. 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.

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

The Company did not identify any 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. The Company continues the suspension of its business in the Russian and Belarusian markets, and has closed all its 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 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.

33. Impact of climate-related risks on the Company's business

The Company does not have any material exposure to climate-related risks that could affect its financial statements. For a description of climate-related risks, see section 3.1.1 *'Risk factors related to the Company's and the Group's operating environment – Risks related to climate change'* in the Directors' Report on the operations of Auto Partner S.A. and the Auto Partner Group in 2024. The report also includes the 'Sustainability Statement of the Auto Partner Group for 2024'.

34. Authorisation of the financial statements for issue

These separate financial statements were authorised for issue on 14 April 2025.

Signatures of Management Board Members

Aleksander Górecki – President of the Management Board

Andrzej Manowski – Vice President of the Management Board

Piotr Janta – Vice President of the Management Board

Tomasz Werbiński – Member of the Management Board

Signature of the person preparing the financial statements

Kamila Obłodecka-Pieńkosz – Chief Accountant