
Consolidated financial statements of the Auto Partner Group 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 consolidated 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.

Table of Contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
NOTES.....	7
1. About the Auto Partner Group	7
2. Principles for preparation of consolidated financial statements	9
2.1. Statement of compliance	9
2.2. Going concern	9
2.3. Basis of accounting	10
2.4. Amendments to standards and interpretations in 2024	10
2.5. Material judgements and estimates	12
2.6. Seasonality	12
2.7. Functional currency and reporting currency	12
2.8. Basis of consolidation	13
2.9. Significant accounting policies	13
2.10. Significant values based on the Management Board's professional judgements and estimates	21
3. Revenue from contracts with customers	23
4. Costs by nature and function of expense.....	24
5. Other gains/(losses), net.....	24
6. Other income.....	24
7. Other expenses	25
8. Finance income	25
9. Financial costs.....	25
10. Income taxes	25
11. Earnings per share.....	28
12. Property, Plant and Equipment	28
13. Intangible assets	30
14. Investments in other entities	31
15. Other financial assets	31
16. Inventories and contract assets.....	31
16.1. Inventories.....	31
16.2. Contract assets.....	32
17. Trade and other receivables	32
18. Equity	35

18.1. Share capital issued.....	35
18.2. Retained earnings.....	36
18.3. Dividend for 2023	36
18.4. Management Board's proposal for the 2024 profit allocation	37
19. Borrowings.....	37
20. Provisions.....	40
21. Trade and other payables	40
21.1. Trade and other payables	40
21.2. Contract liabilities	41
22. Financial liabilities under lease contracts	41
23. Change in liabilities arising from financing activities	42
24. Notes to the statement of cash flows.....	43
24.1. Components of cash.....	43
24.2. Notes to the statement of cash flows.....	43
25. Employee benefit obligations and provisions	44
25.1. Employee benefit obligations and provisions	44
25.2. Defined contribution plans.....	45
25.3. Employee capital plans	45
26. Categories of financial instruments.....	46
27. Financial risk management	46
28. Related-party transactions.....	50
29. Contingent liabilities, guarantees and contingent assets.....	52
30. Auditor fees.....	53
31. Headcount at the Group	54
32. Events subsequent to the reporting date.....	54
33. Impact of the Russian Federation's military invasion of Ukraine on the Group's business	54
34. Impact of climate-related risks on the Group's business	55
35. Authorisation of the financial statements for issue.....	55

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 31 December 2024	Period ended 31 December 2023
STATEMENT OF PROFIT OR LOSS			
Revenue from contracts with customers	3	4,112,497	3,653,384
Cost of sales	4	(2,985,276)	(2,663,505)
Gross profit		1,127,221	989,879
Distribution costs and marketing expenses	4	(472,542)	(402,825)
Warehousing costs	4	(305,643)	(242,333)
Management and administrative expenses	4	(53,177)	(47,185)
Other gains/(losses), net	5	(4,570)	5,194
Other income	6	4,377	1,000
Other expenses	7	(6,394)	(1,006)
Operating profit		289,272	302,724
Finance income	8	444	4,147
Financial costs	9	(31,086)	(29,616)
Profit before tax		258,630	277,255
Income taxes	10	(50,654)	(53,669)
Profit from continuing operations		207,976	223,586
Net profit		207,976	223,586
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		(282)	(625)
Other comprehensive income that will be reclassified to profit or loss, after tax		(282)	(625)
Net other comprehensive income		(282)	(625)
TOTAL COMPREHENSIVE INCOME		207,694	222,961
Net profit attributable to:			
owners of the parent		207,976	223,586
non-controlling interest		-	-
Total comprehensive income attributable to:			
owners of the parent		207,694	222,961
non-controlling interest		-	-
Earnings per share (PLN per share)			
basic earnings per share from continuing operations (PLN)		1.59	1.71
Basic earnings per share (PLN)	11	1.59	1.71
diluted earnings per share from continuing operations (PLN)		1.59	1.71
Diluted earnings per share (PLN)	11	1.59	1.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Non-current assets			
Intangible assets	13	34,926	34,944
Property, Plant and Equipment	12	381,275	331,960
Investments in other entities	14	110	110
Other long-term receivables	17	4,321	4,494
Deferred tax assets	10	1,849	1,034
Total non-current assets		422,481	372,542
Current assets			
Inventories	16.1	1,120,151	1,006,367
Contract assets	16.2	23,821	19,366
Trade and other receivables	17	420,890	357,031
Current tax assets	10	-	1,257
Cash and cash equivalents	24.1	38,584	37,360
Total current assets		1,603,446	1,421,381
Total assets		2,025,927	1,793,923
EQUITY AND LIABILITIES			
Equity			
Share capital issued	18	13,062	13,062
Share premium	18	106,299	106,299
Other components of equity	18	2,103	2,103
Exchange differences on translation of foreign operations	18	(1,939)	(1,657)
Retained earnings	18	1,114,768	926,385
Equity attributable to owners of the parent		1,234,293	1,046,192
Total equity		1,234,293	1,046,192
Non-current liabilities			
Long-term borrowings	19	158,342	104,146
Lease liabilities	22	176,407	152,413
Employee benefit obligations and provisions	25	856	1,927
Deferred tax liabilities	10	40,839	33,086
Total non-current liabilities		376,444	291,572
Current liabilities			
Trade and other payables	21.1	145,142	154,107
Contract liabilities	21.2	33,406	26,896
Short-term borrowings	19	155,393	196,135
Lease liabilities	22	36,471	37,306
Current tax liabilities	10	2,358	12
Employee benefit obligations and provisions	25	34,563	33,267
Short-term provisions	20	7,857	8,436
Total current liabilities		415,190	456,159
Total liabilities		791,634	747,731
Total equity and liabilities		2,025,927	1,793,923

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>indirect method</i>	Note	Period ended	Period ended
	24	31 December 2024	31 December 2023
Cash flows from operating activities			
Profit before tax		258,630	277,255
Adjustments:		(94,363)	(41,343)
Depreciation and amortisation		54,284	43,504
Foreign exchange gains/(losses)		2,149	(4,941)
Adjustments for gains/(losses) on sale of non-current assets		(14)	(236)
Other adjustments with cash flows from financing or investing activities		(122)	(104)
Adjustments for finance costs		29,064	29,383
Change in inventories		(113,784)	(50,637)
Change in contract assets		(4,455)	(5,782)
Change in trade and other receivables		(65,107)	(77,853)
Change in trade and other payables		(2,731)	16,193
Change in contract liabilities		6,510	7,585
Change in employee benefit obligations and provisions		(354)	1,545
Other adjustments		197	-
Cash from operating activities		164,267	235,912
Income tax paid		(40,114)	(55,827)
Net cash from operating activities		124,153	180,085
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(45,758)	(37,979)
Disposal of property, plant and equipment and intangible assets		293	124
Loans		(3,260)	(3,537)
Repayment of loans		3,210	3,541
Interest received		122	104
Net cash from investing activities		(45,393)	(37,747)
Cash flows from financing activities			
Dividend paid		(19,593)	(19,593)
Borrowings received		14,677	-
Borrowings repaid		-	(48,784)
Payment of lease liabilities		(43,694)	(43,521)
Interest and fees paid		(28,960)	(27,970)
Net cash from financing activities		(77,570)	(139,868)
Change in cash before exchange rate changes		1,190	2,470
Effect of exchange rate changes on cash		34	(41)
Net change in cash		1,224	2,429
Cash and cash equivalents at beginning of period		37,360	34,931
Cash and cash equivalents at end of period		38,584	37,360

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital issued	Share premium	Capital from issue of warrants	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Total equity
As at 1 January 2024	13,062	106,299	2,103	(1,657)	926,385	1,046,192	1,046,192
Net profit	-	-	-	-	207,976	207,976	207,976
Other comprehensive income	-	-	-	(282)	-	(282)	(282)
Total comprehensive income	-	-	-	(282)	207,976	207,694	207,694
Dividends paid	-	-	-	-	(19,593)	(19,593)	(19,593)
Total changes in equity	-	-	-	(282)	188,383	188,101	188,101
As at 31 December 2024	13,062	106,299	2,103	(1,939)	1,114,768	1,234,293	1,234,293

	Share capital issued	Share premium	Capital from issue of warrants	Translation reserve	Retained earnings	Equity attributable to owners of the parent	Total equity
As at 1 January 2023	13,062	106,299	2,103	(1,032)	722,392	842,824	842,824
Net profit	-	-	-	-	223,586	223,586	223,586
Other comprehensive income	-	-	-	(625)	-	(625)	(625)
Total comprehensive income	-	-	-	(625)	223,586	222,961	222,961
Dividends paid	-	-	-	-	(19,593)	(19,593)	(19,593)
Total changes in equity	-	-	-	(625)	203,993	203,368	203,368
As at 31 December 2023	13,062	106,299	2,103	(1,657)	926,385	1,046,192	1,046,192

NOTES

1. About the Auto Partner Group

1.1. Principal business

The principal business of Auto Partner S.A. and the Auto Partner Group 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.

Domicile: Poland

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

Country of registration: 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

Explanation of changes in the name of the reporting entity or other identification data that have occurred since the end of the previous reporting period: not applicable

Name of the higher tier parent: none

Name of the ultimate parent of the group: none

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.

1.7. Consolidated subsidiaries as at 31 December 2024

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

	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)	Group sales support on the German market	Germany, Gelsenkirchen	100%	-
Auto Partner Ceska republika s.r.o. (ii)	Group 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; 1% of the voting rights are held by the general partner, in which Auto Partner S.A. holds 100% of the 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.

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

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

There are no non-controlling interests.

2. Principles for preparation of consolidated financial statements

2.1. Statement of compliance

These full-year consolidated financial statements (the "financial statements") of the Group 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.

2.2. Going concern

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future. 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 were 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 Group has assessed the amendments listed above and found that they have not had a material effect on the financial statements.

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

Amendments to IAS 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 postponed the endorsement of the amendments.

The Group did not elect to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective in accordance with the European Union regulations. Effective dates are the dates given by the International Accounting Standards Board in the standards. The effective dates of the standards in the European Union may differ from those specified in the

text of the standards and are announced on endorsement of a standard by the European Union. The Group is of the opinion that the amended standards that have not yet been endorsed by the European Union will have no impact on the Group's reporting.

2.5. Material judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Management Board of the Group to use judgements and estimates which affect the applied accounting policies and the amounts of reported assets, liabilities, income and expenses. Judgements and estimates are reviewed on an ongoing basis. A change in estimates is recognised in profit or loss for the period in which the change occurred. During the reporting period, there were no material changes in judgements and estimates. Please refer to note 2.10 for details.

2.6. Seasonality

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

2.7. Functional currency and reporting currency

These consolidated financial statements have been prepared in the Polish złoty (PLN). The Polish złoty is the functional currency of the parent and the reporting currency adopted for these consolidated financial statements.

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

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

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

NBP mid rate as at	31 December 2024	31 December 2023
CZK	0.1699	0.1759
RON	0.8589	0.8742
EUR	4.2730	4.3480

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

Average NBP mid rate for reporting period	2024	2023
CZK	0.1712	0.1889
RON	0.8652	0.9145
EUR	4.3042	4.5284

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

2.8. Basis of consolidation

These consolidated financial statements include the financial statements of the parent and its subsidiaries. Subsidiaries are entities controlled by the parent, in which the Parent has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date when control commences until the date when control is lost. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in the consolidated financial statements. Where necessary, the subsidiaries' financial statements are adjusted to ensure consistency with the parent's accounting policies. For more information, see note 1.7.

2.9. Significant accounting policies

2.9.1. 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 Group 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 Group 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 Group applies the practical expedient in accordance with paragraph 97 of IAS 38, 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 Group 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.

2.9.2. Intangible assets

Intangible assets are identifiable intangible assets with definite useful lives, intended for the needs of the entity, which are controlled by the Group and from which the Group 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.

2.9.3. 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.

2.9.4. Impairment of non-financial non-current assets

As at each reporting date, the Group 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.

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

The Group 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 Group 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 Group 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 Group 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 Group measures the right-of-use asset applying the cost model: To apply the cost model, the Group 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 Group 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 Group presents the right-of-use assets under the same line item as the assets owned by the Group 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 12 and 13
- additions to right-of-use assets by class – notes 12 and 13
- depreciation charge for right-of-use assets by class – notes 12 and 13
- interest expense on lease liabilities – note 9
- expense relating to short-term leases and leases of low-value assets – note 22
- lease liabilities – note 22
- unrecognised liabilities under lease contracts – note 22
- total cash outflow for leases – note 23.2.

Information on the Group'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 Group has no lease contracts where payments would depend on variables other than a rate or index;
- termination options: the Group does not expect the early termination of its material lease contracts for properties in strategic locations. Therefore, the Group 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 Group conducts its operations incorporate extension options. However, as the Group 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 Group's control and that would have affected whether the Group was reasonably certain to exercise an extension option not previously included in its determination of the lease terms.

2.9.6. Financial assets

Classification and measurement

The Group 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 Group's core business model, financial assets are held to collect contractual cash flows.

The Group classifies financial assets into three categories:

- financial assets measured at amortised cost,
- financial assets measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss.

The Group 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.

2.9.7. Impairment of financial assets

When measuring impairment of financial assets measured at amortised cost, the Group 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 Group 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 Group applies the portfolio approach to trade receivables, while for other financial assets, given their limited number in each category, the Group applies a case-by-case approach. For impairment of trade receivables, the Group uses a simplified approach and measures allowances for expected credit losses at amounts equal to lifetime expected credit losses. The Group'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 Group 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 Group 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.

2.9.8. Prepayments and accrued income

The primary objective of prepayments and accrued income is to ensure that income and expenses are commensurate. The Group 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).

2.9.9. 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 Group has procedures in place to assess inventory saleability. Monthly reports summarising slow-moving merchandise are prepared and reviewed by the Procurement Department and the Group'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 Group 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 Group 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 goods sold when incurred. The exception are significant costs of goods transport by a subsidiary, which are charged by the subsidiary to inventory, and the entire inventory is resold to the Company.

2.9.10. 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 Group's asset under the Group's right to recover products from customers after the obligation to return the payment to the customer has been met.

2.9.11. 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 Group holds VAT bank accounts the funds in which the Group 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 Group does not have any other restricted cash. Please refer to note 23.1 for details.

2.9.12. Provisions

Provisions are recognised if the Group 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.

2.9.13. 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 Group during the warranty period. In accordance with the applicable laws, the Group grants a two-year warranty for the goods it sells. If the goods are found defective during the warranty period, the Group 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 Group 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 Group 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 Group 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 20.

2.9.14. Contingent liabilities

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

2.9.15. Contingent assets

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

2.9.16. Financial liabilities

Financial liabilities are classified by the Group into:

- financial liabilities measured at amortised cost,
- financial liabilities measured at fair value through profit or loss.

The Group classifies trade payables and borrowings as financial liabilities measured at amortised cost.

The Group did not enter into any derivative contracts.

2.9.17. Hedge accounting

The Group does not apply hedge accounting.

2.9.18. 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 Group with regard to services provided by employees by the reporting date.

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

2.9.20. Dividends

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

2.9.21. 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.

2.9.22. 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 Group 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.

2.9.23. Contract liabilities

Contract liabilities include, in particular, the right to return goods. The Group 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 2.10.2.

2.9.24. 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.

2.9.25. Income taxes

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 at the level of individual Group entities.

2.9.26. 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.

2.9.27. Revenue from contracts with customers

In accordance with IFRS 15, the Group recognises revenue when the performance obligation is satisfied, that is when the goods or services are transferred to the customer. The Group 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 Group 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 Group can identify each party's rights regarding the goods or services to be transferred;

- the Group 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 Group 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 Group typically satisfies its performance obligations:

The Group 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 Group'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 Group'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 Group has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services

The Group 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 Group's principal business. Contracts with customers contain a single performance obligation, which is the delivery of goods.

The Group 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 goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. The Group 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 21.2.), (ii) a decrease in the cost of merchandise sold and a contract asset (note 16.2).

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 Group estimates the amount of discounts due to customers and recognises it as a decrease in revenue and decrease in trade receivables. The Group enters into support agreements and discount agreements with selected customers. Under such arrangements, the Group agrees to provide specific support or discounts if the trading partner achieves the contracted volume of turnover with the Group. The Group 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 Group grants warranties that do not give rise to a separate performance obligation. Therefore, the Group 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 Group during the warranty period. The estimated amount of these liabilities is presented in note 20, with a detailed description provided in note 2.10.1 '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 Group in exchange for the transfer of goods or services to the customer. The Group 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 Group 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 goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. The Group 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 21.2.), (ii) a decrease in the cost of merchandise sold and a contract asset (note 16.2).

Recognition of revenue upon satisfaction of performance obligation

Revenue from sale of goods The Group 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.

2.9.28. Operating segments

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

2.9.29. 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.

2.9.30. Finance income and costs

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

Finance income includes mainly interest on loans and trade receivables, and foreign exchange gains. 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.

2.9.31. Statement of cash flows

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

2.9.32. Discontinued operations

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

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

The Management Board of the Group 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 Group may take into account its experience and knowledge, as well as opinions, analyses and recommendations issued by independent experts.

2.10.1. Estimate of expected cost of warranty repairs

In accordance with the applicable laws, the Group grants a two-year warranty for the goods it sells. If the goods are found defective during the warranty period, the Group 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 Group 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 Group 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 Group 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 20.

2.10.2. Estimate of the value of returns made by customers

Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. In the opinion of the Management Board of the Group, the vast majority of returns are made within three months from the date of sale. The Group 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 16.2.

2.10.3. Estimate of discounts received from suppliers

The Group 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 Group 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 Group, 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 16.1).

2.10.4. Estimate of revenue and discounts from marketing activities

The Group 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 Group 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).

2.10.5. Estimate of recoverable amount of merchandise held

The Group 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 Group estimates the negative margins to be incurred in the future and recognises inventory write-downs (note 16.1), 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.

2.10.6. Probability of achieving turnover contracted with customers

The Group enters into support agreements and discount agreements with selected customers. Under such arrangements, the Group agrees to provide specific support or discounts if the trading partner achieves the contracted volume of turnover with the Group. The Group 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).

2.10.7. Estimate of unrealised margin on inventories

The unrealised margin on inventories resulting from intragroup transactions is eliminated on consolidation. The unrealised margin to be so eliminated is calculated based on inventories from intragroup transactions grouped by the year of purchase and the average margin on such transactions in individual years (notes 4 and 16).

2.10.8. 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 Group 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 Group 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 17.

2.10.9. 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 Group, all significant risks incidental to the purchased goods (note 16.1) 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 Group's trade payables.

3. Revenue from contracts with customers

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

	Period ended 31 December 2024	Period ended 31 December 2023
Revenue from sales of merchandise	4,105,038	3,648,721
including:		
Sales of merchandise – Poland	2,068,197	1,825,157
Sales of merchandise – EU	1,996,143	1,784,236
Sales of merchandise – other exports	40,698	39,328
Revenue from sales of services	7,459	4,663
including:		
Sales of services – Poland	1,057	1,029
Sales of services – EU	6,402	3,634
Total revenue from contracts with customers	4,112,497	3,653,384

4. Costs by nature and function of expense

	Period ended 31 December 2024	Period ended 31 December 2023
Depreciation and amortisation	(54,284)	(43,504)
Raw materials and consumables used	(34,372)	(33,382)
Services	(454,699)	(374,066)
Taxes and charges	(8,416)	(5,782)
Employee benefits expense	(269,139)	(227,455)
Other costs by nature of expense	(11,078)	(8,692)
Merchandise, materials and services sold	(2,984,650)	(2,662,967)
Total costs by nature of expense	(3,816,638)	(3,355,848)
Cost of sales	(2,985,276)	(2,663,505)
Distribution costs and marketing expenses	(472,542)	(402,825)
Warehousing costs	(305,643)	(242,333)
Management and administrative expenses	(53,177)	(47,185)
Total costs by function of expense	(3,816,638)	(3,355,848)

	Period ended 31 December 2024	Period ended 31 December 2023
Cost of merchandise and materials sold	(2,984,522)	(2,663,347)
Cost of services sold	(754)	(158)
Cost of sales	(2,985,276)	(2,663,505)

5. Other gains/(losses), net

	Period ended 31 December 2024	Period ended 31 December 2023
Foreign exchange gains/(losses) on operating activities – unrealised	(1,709)	2,052
Foreign exchange gains/(losses) on operating activities – realised	(1,325)	3,911
Gains/(losses) on impairment of receivables	(2,043)	(1,268)
Other	507	499
Total other gains/(losses), net	(4,570)	5,194

6. Other income

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 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 20)..

7. Other expenses

Other expenses mainly comprise losses on merchandise, of PLN 1,800 thousand, resulting from the above-mentioned flood event (note 6). Additionally, other expenses include the recognition of a provision for tax risks of PLN 2,207 thousand (note 20), as well as donations made by the Company in the amount of PLN 1,341 thousand.

8. Finance income

	Period ended 31 December 2024	Period ended 31 December 2023
Foreign exchange gains/(losses) on financing activities	-	3,564
Interest on loans	122	104
Interest on trade receivables	144	179
Interest on bank deposits	156	283
Other finance income	22	17
Total finance income	444	4,147

9. Financial costs

	Period ended 31 December 2024	Period ended 31 December 2023
Interest expense:		
Interest on term and overdraft facilities	(14,382)	(16,076)
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)	(6,160)	(3,927)
Other interest expense	(62)	(166)
	(28,305)	(28,676)
Other finance costs:		
Foreign exchange gains/(losses) on financing activities	(1,881)	-
Credit commissions and fees	(823)	(870)
Factoring commissions and fees	-	(3)
Other finance costs	(77)	(67)
	(2,781)	(940)
Total finance costs	(31,086)	(29,616)

10. Income taxes

The Group 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 Group'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.

Income tax charged to profit or loss

	Period ended 31 December 2024	Period ended 31 December 2023
Profit before tax	258,630	277,255
Income tax at 19%	(49,140)	(52,678)
Differences	(1,514)	(991)
Total income tax disclosed in the statement of comprehensive income	(50,654)	(53,669)
including:		
Current income tax:		
For current year	(43,628)	(34,577)
For previous years	(88)	(322)
	(43,716)	(34,899)
Deferred income tax:		
For current year	(6,938)	(18,770)
	(6,938)	(18,770)
	(50,654)	(53,669)
Profit before tax	258,630	277,255
Income taxes	(50,654)	(53,669)
Effective tax rate	19.59%	19.36%

Current tax assets and liabilities

	As at 31 December 2024	As at 31 December 2023
Current tax assets	-	1,257
Current tax liabilities	2,358	12

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.

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 Group recognises deferred tax assets and liabilities.

Deferred tax assets and liabilities

	As at 31 December 2024	As at 31 December 2023
Deferred tax assets	32,308	29,873
Deferred tax liabilities	(71,298)	(61,925)
Total	(38,990)	(32,052)
Offset within individual entities and tax jurisdictions	(30,459)	(28,839)

Deferred tax assets in the statement of financial position	1,849	1,034
Deferred tax liabilities in the statement of financial position	40,839	33,086

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	13,125	5,182	18,307
Difference arising from contracts with customers	3,198	(30)	3,168
Difference arising from estimated right to return merchandise	932	240	1,172
Merchandise write-down	1,289	345	1,634
Credit loss allowances for receivables	1,890	389	2,279
Provision for employee benefit obligations	1,609	(45)	1,564
Other provisions	1,472	(729)	743
Difference arising from social security contributions and employee capital plans	39	95	134
Elimination of margins on consolidation	3,891	139	4,030
Asset on tax loss of subsidiary	1,023	(623)	400
Difference arising from outstanding interest on non-bank borrowing	104	(62)	42
Difference arising from inventory adjustment assets	1,384	(2,635)	(1,251)
Other temporary differences	(83)	169	86
Total	29,873	2,435	32,308
Deferred tax liabilities			
Difference arising from property, plant and equipment and lease liabilities	(16,852)	(2,546)	(19,398)
Discounts/bonuses from suppliers	(44,648)	(7,176)	(51,824)
Other temporary differences	(425)	349	(76)
Total	(61,925)	(9,373)	(71,298)
Total deferred tax assets (liabilities)	(32,052)	(6,938)	(38,990)

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 recognised/(reversed)	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.

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 Group 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).

11. 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	207,976	223,586
Weighted average number of shares (thousand)	130,620	130,620
Earnings per share (PLN)	1.59	1.71

12. Property, Plant and Equipment

	As at 31 December 2024	As at 31 December 2023
Buildings and structures	143,866	125,017
Machinery and equipment	147,545	122,664
Vehicles	18,602	16,445
Other	60,136	53,729
Property, plant and equipment under construction	11,126	14,105
Total carrying amount of property, plant and equipment	381,275	331,960

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

	As at 31 December 2024	As at 31 December 2023
Buildings and structures	139,233	121,657
Machinery and equipment	69,254	66,201
Vehicles	12,408	11,449
Other	20,286	24,748
Property, plant and equipment under construction (i)	368	-
Total carrying amount of property, plant and equipment under right-of-use arrangements	241,549	224,055

	Period ended 31 December 2024	Period ended 31 December 2023
Buildings and structures	24,508	20,130
Machinery and equipment	7,098	7,287
Vehicles	1,690	1,426
Other	1,141	1,448
Total depreciation of property, plant and equipment under right-of-use arrangements	34,437	30,291

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

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

Movements in property, plant and equipment	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at 31 December 2022	123,507	122,906	24,905	64,571	31,390	367,279
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)	-
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	(12)	-	4	-	-	(8)
Decrease						
Disposal	-	(302)	(397)	(177)	-	(876)
Retirement	(544)	(116)	(129)	(29)	-	(818)
Other	-	(88)	(20)	(4)	-	(112)
Gross carrying amount as at 31 December 2023	196,334	172,378	29,362	74,773	14,105	486,952
Increase						
Purchase	1,663	22,473	919	6,188	4,127	35,370
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	(656)	(5)	(93)	(29)	-	(783)
Gross carrying amount as at 31 December 2024	240,332	214,151	33,428	86,003	11,126	585,040
Accumulated depreciation as at 31 December 2022	51,124	36,781	11,193	17,101	-	116,199
Depreciation in period	20,700	13,329	2,084	4,057	-	40,170
Disposal	-	(290)	(281)	(77)	-	(648)
Retirement	(507)	(113)	(74)	(7)	-	(701)
Other	-	7	(5)	(30)	-	(28)
Accumulated depreciation as at 31 December 2023	71,317	49,714	12,917	21,044	-	154,992
Depreciation in period	25,200	17,394	2,335	4,915	-	49,844
Disposal	-	(34)	(365)	(3)	-	(402)
Retirement	(51)	(468)	(61)	(89)	-	(669)
Other	-	-	-	-	-	-
Accumulated depreciation as at 31 December 2024	96,466	66,606	14,826	25,867	-	203,765
Net carrying amount as at 31 December 2023	125,017	122,664	16,445	53,729	14,105	331,960
Net carrying amount as at 31 December 2024	143,866	147,545	18,602	60,136	11,126	381,275

13. Intangible assets

	As at 31 December 2024	As at 31 December 2023
Computer 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 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 Group had contractual commitments to purchase intangible assets of PLN 5,698 thousand, representing expenditure on the development of an integrated ERP system.

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

	As at 31 December 2024	As at 31 December 2023
Computer 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
Computer 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	32,061	343	12,889	45,293
Increase				
Purchase	3,684	-	7,551	11,235
Accounting for intangible assets under development – purchase	10,088	-	(10,088)	-
Leases	(28)	-	-	(28)
Gross carrying amount as at 31 December 2023	45,805	343	10,352	56,500
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	51,337	343	9,242	60,922
Accumulated amortisation as at 31 December 2022	17,907	343	-	18,250
Amortisation in period	3,334	-	-	3,334
Other	(28)	-	-	(28)
Accumulated amortisation as at 31 December 2023	21,213	343	-	21,556
Amortisation in period	4,440	-	-	4,440
Accumulated amortisation as at 31 December 2024	25,653	343	-	25,996
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

14. Investments in other entities

	As at 31 December 2024	As at 31 December 2023
Shares in other entities	110	110
Total	110	110

15. 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.

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

16. Inventories and contract assets

16.1. Inventories

Merchandise is stored in central and subsidiary warehouses and is, in principle, fully insured against theft, burglary, robbery, fire, and other natural 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
Goods	1,128,981	1,014,290
Write-downs	(8,830)	(7,923)
Total	1,120,151	1,006,367

Inventories pledged as security

The Group has created a registered pledge over inventories as security for contracted credit facilities. Please refer to note 19 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	259,786	255,586

Change in inventory write-downs

	Period ended 31 December 2024	Period ended 31 December 2023
At beginning of period	(7,923)	(9,169)
Reduction	2,135	4,817
Write-off	783	-
Increase	(3,825)	(3,571)
As at end of period	(8,830)	(7,923)

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	(2,985,276)	(2,663,505)
Costs to sell	(9,773)	(1,775)
Total inventory cost recognised	(2,995,049)	(2,665,280)

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

16.2. 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 Group 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 21.2. 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, of which:		
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

17. Trade and other receivables

	As at 31 December 2024	As at 31 December 2023
Trade receivables due within 12 months	247,775	203,558
Trade receivables due in more than 12 months	2,900	2,570
Trade receivables from suppliers	150,000	110,668
Credit loss allowances for trade receivables	(11,996)	(9,863)
Total trade receivables	388,679	306,933
Receivables from card system operators	2,516	1,438
Rent deposits receivable (i)	2,425	2,081
Other financial receivables (ii)	4,579	4,568
Credit loss allowances for other financial receivables	(874)	(867)

Total trade and other financial receivables	397,325	314,153
Prepaid deliveries	15,482	17,069
Prepayments and accrued income	8,409	7,999
VAT tax to be settled in future periods/refunded to bank account	3,995	21,187
Other non-financial receivables	-	1,117
Total non-financial receivables	27,886	47,372
Total trade and other receivables	425,211	361,525
Other long-term receivables	4,321	4,494
Trade and other receivables	420,890	357,031
Total trade and other receivables	425,211	361,525

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

(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 Group analyses trade receivables for impairment. To calculate impairment losses, the Group 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	135,534	21,975	4,175	507	1,198	3,098	9,489	175,976
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	150,000	-	-	-	-	-	-	150,000
Expected loss rate	0%-3%	-	-	-	-	-	-	-

Full-year consolidated financial statements of the **Auto Partner Group** for the period from 1 January to 31 December 2024
(all amounts in PLN thousands, unless stated otherwise)

Expected loss	(1,176)	-	-	-	-	-	-	(1,176)
Total gross trade receivables	353,319	28,686	4,378	507	1,198	3,098	9,489	400,675
Total expected loss	(1,653)	(91)	(226)	(78)	(312)	(1,239)	(8,397)	(11,996)
Total trade receivables	351,666	28,595	4,152	429	886	1,859	1,092	388,679

Other receivables analysed individually

Other financial receivables	4,579	-	-	-	-	-	-	4,579
Expected loss	(874)	-	-	-	-	-	-	(874)

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	98,540	27,514	2,882	763	737	1,293	7,730	139,459
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	110,668	-	-	-	-	-	-	110,668
Expected loss rate	0%-3%	-	-	-	-	-	-	-
Expected loss	(1,036)	-	-	-	-	-	-	(1,036)
Total gross trade receivables	269,376	33,414	3,140	764	772	1,293	8,037	316,796
Total expected loss	(1,484)	(98)	(202)	(157)	(324)	(161)	(7,437)	(9,863)
Total trade receivables	267,892	33,316	2,938	607	448	1,132	600	306,933
Other receivables analysed individually								
Other financial receivables	4,568	-	-	-	-	-	-	4,568
Expected loss	(867)	-	-	-	-	-	-	(867)

Below is presented change in impairment losses on trade receivables:

	Period ended 31 December 2024	Period ended 31 December 2023
At beginning of period	(9,863)	(8,223)
(Recognition)/Decrease	(2,706)	(2,499)
Write-off	573	859
As at end of period	(11,996)	(9,863)

Trade and other receivables pledged as security

Trade receivables are pledged as security for credit facilities. Please refer to note 19 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
Receivables pledged as security	119,970	110,910

Below is presented change in impairment losses on other receivables:

	Period ended 31 December 2024	Period ended 31 December 2023
At beginning of period	(867)	(871)
Increase	(7)	-
Reduction	-	4
As at end of period	(874)	(867)

18. Equity

	As at 31 December 2024	As at 31 December 2023
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Other components of equity	2,103	2,103
Exchange differences on translation of foreign operations	(1,939)	(1,657)
Retained earnings	1,114,768	926,385
Total equity	1,234,293	1,046,192

18.1. 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

18.2. 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	926,385	722,392
Dividend paid	(19,593)	(19,593)
Undistributed profit	207,976	223,586
Retained earnings at end of reporting period	1,114,768	926,385

	Period ended 31 December 2024	Period ended 31 December 2023
Changes in retained earnings		
Retained earnings at beginning of period	223,586	207,268
Net profit attributable to owners	207,976	223,586
Dividend paid	(19,593)	(19,593)
Transfer to statutory reserve funds	(203,993)	(187,675)
Retained earnings at end of period	207,976	223,586

18.3. 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.

Financial year 2023	
Dividends proposed or declared by the date of authorisation of the financial statements for issue, but not recognised as distributed to shareholders, on a per-share basis	0.15
Dividends proposed or declared by the date of authorisation of the financial statements for issue, but not recognised as distributed to shareholders	19,593
Dividends declared and paid (PLN)	19,593,000
Number of dividend-paying shares	130,620,000
Dividends declared and paid per share (PLN)	0.15

18.4. 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.

	Financial year 2024
Dividends proposed or declared by the date of authorisation of the financial statements for issue, but not recognised as distributed to shareholders, on a per-share basis	0.15
Dividends proposed or declared by the date of authorisation of the financial statements for issue, but not recognised as distributed to shareholders	19,593
Dividends declared and paid (PLN)	-
Number of dividend-paying shares	130,620,000
Dividends declared and paid per share (PLN)	-

19. 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	87,355	109,540
Credit facilities	199,376	163,491
Other borrowings	304	-
	287,035	273,031
Total borrowings	313,735	300,281
Non-current liabilities	158,342	104,146
Current liabilities (i)	155,393	196,135
Total borrowings	313,735	300,281

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

	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	51,459	74,207
	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	23,060	34,875
	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
CSOB Leasing a.s. 10)	Loans to finance purchase of property, plant and equipment	12 September 2029	318		
	loan agreement		CZK	304	-
Total				313,735	300,281

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 arising 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.k. 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 31.

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

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 18,000 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) 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) 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.

10) CSOB Leasing a.s. Loans to finance purchase of property, plant and equipment

The loans are secured with security interests created in the items of property, plant and equipment the purchase of which they were contracted to finance. Fixed interest payment

20. 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
including:		
Short-term provisions	7,857	8,436

(i) In accordance with the applicable laws, the Group provides consumer warranty for the goods sold. Under the warranty, the Company must replace defective goods or return cash. The Management Board of the Group 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 Group 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.

21. Trade and other payables

21.1. Trade and other payables

	As at 31 December 2024	As at 31 December 2023
Trade payables due within 12 months	171,672	173,160
Trade receivables from suppliers	(37,694)	(33,702)
Taxes, customs duties, social security and other benefits payable	8,840	6,308

Liabilities arising from acquisition of property, plant and equipment and intangible assets	1,817	8,051
Other payables	507	290
	145,142	154,107
Current liabilities	145,142	154,107
Total	145,142	154,107

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

21.2. Contract liabilities

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

22. Financial liabilities under lease contracts

	As at 31 December 2024	As at 31 December 2023
Total payments under lease contracts		
Up to 1 year	50,008	47,121
From 1 year to 5 years	143,751	117,818
Over 5 years	75,513	69,914
	269,272	234,853
Less future finance charges (discount)	(56,394)	(45,134)
Present value of lease liabilities	212,878	189,719
Long-term lease liabilities	176,407	152,413
Short-term lease liabilities	36,471	37,306
Total	212,878	189,719
	As at 31 December 2024	As at 31 December 2023
Present value of lease liabilities		
Up to 1 year	36,471	37,306
From 1 year to 5 years	113,095	90,883
Over 5 years	63,312	61,530
Total	212,878	189,719

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 Group 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)	14,055	11,440
Cost of leases not disclosed due to the low value of underlying assets (ii)	1,906	1,571

Total	15,961	13,011
--------------	---------------	---------------

(i) The Group 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 Group 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 Group 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 Group 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 Group by 31 December 2024. The contract include the lease of the Zgorzelec warehouse and leases of warehouse equipment and automation systems.

23. 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	19	109,540	37,007	(59,126)	4,989	(5,054)	(1)	-	87,355
Working capital facilities in credit accounts	19	161,046	27,000	-	9,779	(10,386)	-	-	187,439
Investment credit facilities in credit accounts	19	2,445	9,971	(480)	484	(483)	-	-	11,937
Other borrowings	19	-	318	(13)	7	(7)	-	(1)	304
Borrowings from related parties	19	27,250	-	-	2,206	(1,376)	-	(1,380)	26,700
Lease liabilities	22	189,719	64,466	(43,659)	11,654	(11,654)	2,352	-	212,878
Total		490,000	138,762	(103,278)	29,119	(28,960)	2,351	(1,381)	526,613

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	19	158,744	50,116	(99,345)	5,256	(5,232)	1	-	109,540
Working capital facilities in credit accounts	19	162,533	25,000	(27,000)	11,714	(11,201)	-	-	161,046
Investment credit facilities in credit accounts	19	-	2,445	-	42	(42)	-	-	2,445
Borrowings from related parties	19	28,035	-	-	2,414	(1,476)	-	(1,723)	27,250
Lease liabilities	22	151,616	86,008	(43,569)	10,019	(10,019)	(4,336)	-	189,719
Total		500,928	163,569	(169,914)	29,445	(27,970)	(4,335)	(1,723)	490,000

24. Notes to the statement of cash flows

24.1. Components of cash

	As at 31 December 2024	As at 31 December 2023
Cash in hand	2,154	2,610
Cash at banks	29,550	26,155
Cash in bank deposits	615	745
Cash in transit	6,259	7,814
Other cash	6	36
Total cash and cash equivalents in the consolidated statement of financial position	38,584	37,360
in PLN	22,192	18,176
in other currencies (including measurement)	16,392	19,184
Total	38,584	37,360
<i>including restricted cash – split payment accounts</i>	<i>13,603</i>	<i>3,834</i>

24.2. 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	(43,876)	(34,577)
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	2,594	(19,463)
Other	(1)	(208)
Income tax paid	(40,114)	(55,827)
Change in other long-term receivables	173	(195)
Change in trade and other receivables	(63,859)	(75,688)
Adjustment for financial liability offset	(1,380)	(1,116)
Adjustment for advance payments	-	(870)
Other	(41)	16
Change in trade and other receivables	(65,107)	(77,853)
Change in trade and other payables	(8,965)	23,890
Adjustment for change in liabilities relating to purchase of non-current assets	6,234	(7,299)
Adjustment for liability offset	-	400
Change in trade and other payables	(2,731)	16,991
Loans granted	(3,260)	(3,537)
Repayment of loans	3,210	3,541
Interest accrued	(122)	(104)
Interest received	122	104
Exchange differences	50	(4)
Change in loans	-	-
Gross additions to property, plant and equipment	(100,185)	(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	(45,758)	(37,979)
Proceeds from borrowings	14,677	-
Repayment of borrowings	-	(48,784)
Adjustment for change in interest and fees on bank borrowings	(672)	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	13,454	(49,035)
New leases	64,466	86,008
Payment of lease liabilities	(43,659)	(43,569)
Adjustment for change in prepayments under lease contracts	-	-
Adjustment for change in exchange differences arising from measurement	2,352	(4,336)
Change in lease liabilities	23,159	38,103
Interest and fees paid on bank borrowings	(15,923)	(16,472)
Interest and fees paid on factoring arrangements	-	(3)
Interest paid on leases	(11,654)	(10,019)
Interest paid on non-bank borrowing	(1,383)	(1,476)
Interest and fees paid	(28,960)	(27,970)

25. Employee benefit obligations and provisions

25.1. Employee benefit obligations and provisions

	As at 31 December 2024	As at 31 December 2023
Salaries and wages payable	13,383	12,569
Social security and Employee Capital Plan obligations	12,651	11,877
Provision for accrued holiday entitlements (ii)	7,225	6,370
Provision for retirement and disability benefit obligations (ii)	1,000	898
Obligation under the Incentive Scheme for 2022 (i)	1,160	3,480
	35,419	35,194
Long-term employee benefit obligations and provisions	856	1,927
Short-term employee benefit obligations and provisions	34,563	33,267
Total	35,419	35,194

(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 in 2024	obligations as at 31 December 2024
Company’s Management Board	7,600	2,280	760
Subsidiary’s Management Board	4,000	1,200	400
11,600	3,480	(2,320)	1,160

(ii) The Group is obliged to pay retirement and disability severance benefits. Any employee who reaches the retirement age of 65 for men and 60 for women is entitled to a severance payment upon retirement. The amount of the severance benefit is one month's salary. An employee who has acquired disability pension entitlements under social security due to permanent incapacity to work

has a right to a disability severance payment. The amount of the disability severance payment is one month's salary. Provisions for employee benefits are calculated by an actuary. The provision for retirement and disability severance benefits was calculated with the projected unit method. The amount of future obligations is calculated as the accrued portion of future benefits, taking into account the projected increase in remuneration serving as the basis for the computation of future benefits. The calculation also reflects the probability of acquiring the entitlement to a one-off disability or retirement severance payment. The amount of the obligation for accrued holiday entitlements was calculated as the remuneration due for unused accumulating paid absences.

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	(855)	(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	-	538
(Increase)/decrease in provision for obligations under the Incentive Scheme for 2022	2,320	8,120
Total	1,363	6,147

	As at 31 December 2023	recognised	reversed	Use	As at 31 December 2024
Provision for accrued holiday entitlements	6,370	6,119	-	(5,264)	7,225
Provision for retirement and disability benefit obligations	898	108	-	(6)	1,000
Provision for obligations under the Incentive Scheme for 2022	3,480	-	-	(2,320)	1,160
	10,748	6,227	-	(7,590)	9,385

25.2. Defined contribution plans

The social security system operates on the basis of a state scheme whereby the Group is required to pay social security contributions to employees when they become due. The Group has no legal or customary obligation to pay future social security benefits. The Group 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
Contributions financed by the employer, expensed	(42,910)	(35,944)

25.3. Employee capital plans

Pursuant to the Act on Employee Capital Plans of 4 October 2018, the Group is obliged to pay specific contributions towards such plans. The Group 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
Expensed contributions	(1,203)	(831)

26. Categories of financial instruments

	As at 31 December 2024	As at 31 December 2023
<i>Financial assets</i>		
Measured at fair value through profit or loss:	-	-
<i>Held for trading</i>	-	-
<i>Classified for measurement at fair value through profit or loss:</i>	-	-
Measured at amortised cost:	435,909	351,513
<i>Cash</i>	<i>38,584</i>	<i>37,360</i>
<i>Trade and other financial receivables</i>	<i>397,325</i>	<i>314,153</i>
<i>Loans</i>	-	-
Financial assets excluded from the scope of IFRS 9 – shares	110	110
<i>Financial liabilities</i>		
Measured at fair value through profit or loss:	-	-
<i>Held for trading</i>	-	-
<i>Classified for measurement at fair value through profit or loss:</i>	-	-
<i>Hedging derivatives</i>	-	-
Measured at amortised cost:	450,291	448,383
<i>Trade payables</i>	<i>133,978</i>	<i>139,458</i>
<i>Contract liabilities</i>	<i>761</i>	<i>593</i>
<i>Liabilities arising from acquisition of property, plant and equipment and intangible assets</i>	<i>1,817</i>	<i>8,051</i>
<i>Borrowings</i>	<i>313,735</i>	<i>300,281</i>
Financial liabilities outside the scope of IFRS 9 – lease liabilities	212,878	189,719

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.

27. Financial risk management

The Group'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 Group's principal objective in financial risk management is to ensure liquidity.

Capital management

The purpose of capital management by the Group'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 Group 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	791,634	747,731
Equity	1,234,293	1,046,192
Debt to equity ratio	0.64	0.71

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

1) Pursuant to Art. 396.1 of the Commercial Companies Code, which applies to the Company, at least 8% of profit for the financial year should be contributed to statutory reserve funds held for the purpose of covering losses, until the funds reach at least one-third of the Company's share capital. That part of statutory reserve funds (retained earnings) is not available for distribution to shareholders.

	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 Group complied with all the applicable covenants.

Credit risk

Credit risk at the Group 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 Group 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 Group uses financial information available in the public domain and its own transaction data to assess the creditworthiness of its main customers. The Group's exposure to credit risk is constantly monitored. Trade receivables include amounts due from a large number of customers. Therefore, the Group is not exposed to material credit risk from a single counterparty, although the concentration increases as the scale of its operations on foreign markets grows. Therefore, the Group 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 Group 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 Group 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 37,013 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 17 to these financial statements.

The credit risk concentration concerning cash is limited, as the Group 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 – 72.33%

BBB+ to BBB ratings – 5.85%

Cash in hand, cash in transit and other cash – 21.82%.

Market risk

Interest rate risk

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

As at the reporting date, the Group's entire debt bearing interest at floating rates was linked mainly to WIBOR (note 19).

The Group'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 Group's full-year net profit or loss:

	As at 31 December 2024	As at 31 December 2023
Cash at banks	30,165	26,900
Liabilities under bank borrowings	(286,731)	(273,031)
Liabilities under non-bank borrowings	(26,700)	(27,250)
Lease liabilities	(62,170)	(66,365)
Variable rate financial assets and liabilities	(345,436)	(339,746)
Change in financial assets and liabilities	(3,454)	(3,397)
Effect on profit before tax	(3,454)	(3,397)
Tax effect	656	646
Effect of 100 bps increase in interest rate on net profit	(2,798)	(2,751)
Change in financial assets and liabilities	3,454	3,397
Effect on profit before tax	3,454	3,397
Tax effect	(656)	(646)
Effect of 100 bps decrease in interest rate on net profit	2,798	2,751

Currency risk

The Group 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 Group used derivative instruments to hedge against the currency risk. The Group 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 Group are purchases of goods in the euro and the US dollar, and sales of goods in the euro, the Czech koruna, the Hungarian forint and the Romanian leu.

The table below presents the Group'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. The positive value in the table below indicates an increase in profit and equity. The negative value means the opposite effect of exchange rate movements on profit or equity.

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

As at 31 December 2024	EUR	USD	CZK	HUF	RON	other
Trade receivables	212,730	7,144	5,722	2,813	2,924	332
Cash	6,638	1,654	2,898	2,397	1,327	1,478
Credit facilities	(90)	-	(305)	-	-	-
Trade payables	(46,936)	(32,309)	(4,152)	(392)	(340)	(107)
Lease liabilities	(121,642)	-	(972)	-	-	-
Gross exposure	50,700	(23,511)	3,191	4,818	3,911	1,703
<i>Exchange rate increase +5%</i>						
Profit (loss) before tax	2,535	(1,176)	160	241	196	85
Tax effect	(482)	223	(30)	(46)	(37)	(16)
Effect on net profit (loss)	2,053	(953)	130	195	159	69

Exchange rate decrease -5%

Profit (loss) before tax	(2,535)	1,176	(160)	(241)	(196)	(85)
Tax effect	482	(223)	30	46	37	16
Effect on net profit (loss)	(2,053)	953	(130)	(195)	(159)	(69)

Exchange rate increase +10%

Profit (loss) before tax	5,070	(2,351)	319	482	391	170
Tax effect	(963)	447	(61)	(92)	(74)	(32)
Effect on net profit (loss)	4,107	(1,904)	258	390	317	138

Exchange rate decrease -10%

Profit (loss) before tax	(5,070)	2,351	(319)	(482)	(391)	(170)
Tax effect	963	(447)	61	92	74	32
Effect on net profit (loss)	(4,107)	1,904	(258)	(390)	(317)	(138)

As at 31 December 2023	EUR	USD	CZK	HUF	RON	other
Trade receivables	158,198	-	6,683	3,277	2,932	9
Cash	7,820	112	6,385	3,403	971	493
Credit facilities	(458)	-	-	-	-	-
Trade payables	(88,330)	(24,216)	(2,521)	(437)	(257)	(57)
Lease liabilities	(103,001)	-	(1,439)	-	-	-
Gross exposure	(25,771)	(24,104)	9,108	6,243	3,646	445

Exchange rate increase +5%

Profit (loss) before tax	(1,289)	(1,205)	455	312	182	22
Tax effect	245	229	(87)	(59)	(35)	(4)
Effect on net profit (loss)	(1,044)	(976)	368	253	147	18

Exchange rate decrease -5%

Profit (loss) before tax	1,289	1,205	(455)	(312)	(182)	(22)
Tax effect	(245)	(229)	87	59	35	4
Effect on net profit (loss)	1,044	976	(368)	(253)	(147)	(18)

Exchange rate increase +10%

Profit (loss) before tax	(2,577)	(2,410)	911	624	365	45
Tax effect	490	458	(173)	(119)	(69)	(8)
Effect on net profit (loss)	(2,087)	(1,952)	738	505	296	37

Exchange rate decrease -10%

Profit (loss) before tax	2,577	2,410	(911)	(624)	(365)	(45)
Tax effect	(490)	(458)	173	119	69	8
Effect on net profit (loss)	2,087	1,952	(738)	(505)	(296)	(37)

Changes in the exchange rates of currencies other than EUR, USD and CZK have no material effect on the Group's profit. The continuing high sensitivity to the USD/PLN exchange rate is attributable to the fact that a significant portion of purchases are made in USD (through the subsidiary Maxgear Sp. z o.o. Sp.k. – imports of goods manufactured under private label brands), with no sales made by the Group in that currency.

Liquidity risk

The Group 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 Group maintains sufficient resources to meet its financial obligations as they fall due.

The Group 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:		
Amount used	286,162	271,790
Amount available	145,838	150,210

Apart from the above credit facilities contracted with banks, the Group also uses non-bank borrowings (note 19).

As at the end of the reporting period, the Group held highly liquid assets disclosed in the statement of financial position as cash of PLN 38,584 thousand (31 December 2023: PLN 37,360 thousand), which may be at any time used to manage liquidity risk.

The table below presents the Group'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	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 2024						
Interest-bearing credit facilities	19	287,035	97,572	81,439	308,208	-
Interest-bearing loans	19	26,700	550	1,650	28,900	-
Lease liabilities	22	212,878	12,306	37,702	143,751	75,513
Trade payables	21	133,978	131,793	1,839	814	-
Any other liabilities	21	11,164	11,164	-	-	-
		671,755	253,385	122,630	481,673	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	19	273,031	97,283	205,926	149,431	-
Interest-bearing loans	19	27,250	1,103	1,658	31,121	-
Lease liabilities	22	189,719	13,682	33,439	117,818	69,914
Trade payables	21	139,458	139,458	-	-	-
Any other liabilities	21	14,649	14,649	-	-	-
		644,107	266,175	241,023	298,370	69,914

28. Related-party transactions

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

Transactions with entities with personal links to members of the Management Board and the Supervisory Board. Transactions with members of the management boards of subsidiaries.

	Period ended 31 December 2024	Period ended 31 December 2023
Sales of merchandise and services and other income		
entities related to members of the Management Board and the Supervisory Board	81	61
including:		

Full-year consolidated financial statements of the **Auto Partner Group** for the period from 1 January to 31 December 2024
(all amounts in PLN thousands, unless stated otherwise)

<i>sales of merchandise</i>		-
<i>re-charge of costs</i>	81	61
members of subsidiaries' Management Boards	17	17
<i>including:</i>		
<i>sales of merchandise</i>	-	2
<i>re-charge of costs</i>	17	15
Total	98	78

	Period ended 31 December 2024	Period ended 31 December 2023
Purchase of merchandise and services and other purchases		
entities related to members of the Management Board and the Supervisory Board	2,398	2,239
<i>including:</i>		
<i>purchase of services</i>	2,398	2,239
members of subsidiaries' Management Boards	760	664
<i>including:</i>		
<i>purchase of services</i>	760	664
Total	3,158	2,903

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

	As at 31 December 2024	As at 31 December 2023
Liabilities		
entities related to members of the Management Board and the Supervisory Board	199	199
members of subsidiaries' Management Boards	58	36
Total	257	235

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

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

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

	Period ended 31 December 2024	Period ended 31 December 2023
Salaries		
Members of the Management Board	1,529	1,056
Members of subsidiaries' Management Boards	240	240
Supervisory Board	258	173
Total	2,027	1,469
Obligations under the Incentive Scheme	As at 31 December 2024	As at 31 December 2023
Members of the Management Board (Note 24)	760	2,280
Members of subsidiaries' Management Boards (Note 24)	400	1,200
Total	1,160	3,480

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.

Loans advanced to the Group

	As at 31 December 2024	As at 31 December 2023
Loan advanced by Katarzyna Górecka and Aleksander Górecki (i) (note 19)	26,700	27,250
Total	26,700	27,250

	Period ended 31 December 2024	Period ended 31 December 2023
Financial costs		
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.

29. Contingent liabilities, guarantees and contingent assets

Bank guarantees:

As at 31 December 2024, the Group 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 Group was subject to inspections by tax authorities. In the Management Board's opinion, there were no circumstances which could lead to material liabilities being imposed as a consequence of such inspections.

30. 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	400	335
Review of financial statements	100	109
Total auditor fees	500	444

The net fee paid to the auditor EPIS audit s.r.o. for auditing the financial statements of the subsidiary AP Auto Partner CZ s.r.o. was PLN 24 thousand.

31. Headcount at the Group

	As at 31 December 2024	As at 31 December 2023
Management and administration	153	150
Sales and marketing	1,001	986
Logistics and storage	1,649	1,660
Total (persons)	2,803	2,796

32. 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.

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

The Group identified no impact of the war in Ukraine on its operations in 2024. The Group's exposure to the Ukrainian market is negligible, accounting for less than 0.5% of its monthly revenue. The Group 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 Group'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 Group's operations, business continuity and financial condition. There were no indications of asset impairment linked to the conflict in Ukraine, as the Group 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 Group'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 Group's sales volumes, cash flows, and profitability. The Management Board is monitoring the situation to the extent it could potentially affect the Group's business in future periods.

34. Impact of climate-related risks on the Group's business

The Group 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'.

35. Authorisation of the financial statements for issue

The consolidated 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