

**CAPITAL GROUP OF
INTER CARS S.A.**

*Interim report
for the period from 1 January to 30 June 2020*



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Statement of the members of the Management Board

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent information required by the law of a non-Member State, dated 29 March 2018, the Management Board of Inter Cars S.A. hereby represents as follows:

- Interim condensed consolidated financial statements and interim condensed separate financial statements drawn up for the period from 1 January 2020 to 30 June 2020 and comparable data were prepared, according to its best knowledge, in accordance with the existing accounting principles, and that they give a true and fair view of the assets and liabilities and financial position of the Inter Cars S.A. Capital Group and Inter Cars S.A., respectively, as well as their financial result.
- The comments to the interim report constituting an interim report on the activities of the Inter Cars Group gives a true and fair view of the development, achievements and situation of the Inter Cars Group, including description of basic threats and risks.
- PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością Audyt sp.k., an entity authorized to audit financial statements, which reviewed the condensed interim consolidated financial statements of the Inter Cars Group and the condensed interim separate financial statements of Inter Cars S.A. was appointed in accordance with the provisions of law, and that this entity and the statutory auditor that performed the audit met the requirements entitling them to release an objective and independent audit report in compliance with the existing law.

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Piotr Zamora
Member of the
Management Board

Wojciech Twaróg
Member of the
Management Board

Selected consolidated financial data of the Inter Cars Group

	<i>for the period of 6 months ended on</i>		<i>for the period of 6 months ended on</i>	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	30.5%	29.7%		
EBITDA (for 12 consecutive months)	470,073	435,014	105,841	101,449
Net debt / EBITDA	2.03	2.94		
Basic earnings per share (PLN)	9.46	8.15	2.13	1.90
Diluted earnings per share (PLN)	9.46	8.15	2.13	1.90
Operating profit	189,502	167,775	42,668	39,127
Net profit	134,092	115,460	30,192	26,926
Cash flows				
Operating cash flows	434,288	169,823	97,784	39,604
Investing cash flows	(19,203)	(11,025)	(4,324)	(2,571)
Financing cash flows	(261,254)	(121,538)	(58,824)	(28,344)
Employment and branches				
Employees				
Parent company	639	634		
Subsidiaries	2,653	2,781		
Branches				
Parent company	243	249		
Subsidiaries	316	311		
Consolidated statement of the financial situation				
	As at		As at	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Cash and cash equivalents	297,229	143,397	66,554	33,679
Balance sheet total	4,724 801	4,423 893	1,057 949	1,038 838
Loans, borrowings and finance lease	1,250 585	1,432 743	280,024	336,443
Equity attributable to the shareholders of the parent entity	2,191 320	2,046,687	490,667	480,612

The EBITDA ratio is calculated as the total of the operating profit and depreciation for the reporting period.

The following exchange rates were applied to calculate selected financial data in EUR:

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2020 – EUR 1 = PLN 4.4660, and the National Bank of Poland exchange rate of 30 June 2019 – EUR 1 = PLN 4.2520, and the National Bank of Poland exchange rate of 31 December 2019 - EUR 1 = PLN 4,2585.
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2020 and 2019, respectively: 1 EUR = PLN 4.4413 and 1 EUR = PLN 4.2880 PLN.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

Consolidated statement of the financial situation

<i>(in thousand PLN)</i>	<u>30/06/2020</u>	<u>31/12/2019</u>	<u>30/06/2019</u>
ASSETS			
Non-current assets			
Property, plant and equipment	486,317	502,479	469,032
Right-of-use assets	245,920	256,825	177,452
Investment property	10,837	10,837	11,049
Real estate available for sale	-	1,088	-
Intangible assets	193,251	197,559	201,887
Investments in associates	1,029	1,030	986
Investments available for sale	298	298	301
Receivables	22,598	21,630	22,800
Non-current receivables on long-term rental	194,076	188,634	101,250
Deferred tax assets	34,669	18,486	24,390
	1,188 995	1,198 866	1,009 147
Current assets			
Inventory	2,237 772	2,062,819	2,283,259
Trade and other receivables	927,323	954,773	1,041,576
Receivables on short-term rental	63,589	64,038	43,097
Income tax receivables	9,893	-	4,318
Cash and cash equivalents	297,229	143,397	151,985
	3,535 806	3,225 027	3,524 235
TOTAL ASSETS	4,724 801	4,423 893	4,533,382
LIABILITIES			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Supplementary capital	1,374,965	1,219,990	1,204,362
Other capital reserves	28,764	28,764	22,204
Foreign exchange gains /losses in subsidiaries	(15,300)	(25,841)	(31,577)
Retained earnings	515,025	535,908	446,460
Equity	2,191,320	2,046,687	1,929,315
Long-term liabilities			
Liabilities due to credits, loans	536,739	565,744	536,693
Finance lease liabilities	228,262	238,920	6,863
Non-current liabilities on long-term rental	194,076	188,634	260,146
Other long-term liabilities	7,713	8,160	11,315
Deferred income tax provision	2,439	21,067	4,037
	969,229	1,022,525	819,054
Short-term liabilities			
Trade and other liabilities	815,611	526,883	866,739
Trade and other liabilities - passed for factoring	90,738	52,290	41,771
Liabilities due to credits, loans	436,914	576,455	698,470
Finance lease liabilities	48,670	51,624	6,671
Liabilities on the short-term rental	63,589	64,038	65,774
Employee benefits	37,499	35,805	33,295
Income tax liabilities	71,231	47,586	72,293
	1,564,252	1,354,681	1,785,013
TOTAL LIABILITIES	4,724 801	4,423 893	4,533,382

Consolidated statement of comprehensive income

<i>(in thousand PLN)</i>	for 3 months ended on 30 June		for 6 months ended on 30 June	
	2020 <i>unaudited</i>	2019 <i>unaudited</i>	2020 <i>unaudited</i>	2019 <i>unaudited</i>
Continued activity				
Revenues from the sale of products, goods and materials	2,116,171	2,243,537	4,071,239	4,241,290
Cost of sales	(1,466,828)	(1,568,593)	(2,830,405)	(2,982,803)
Gross profit on sales	649,343	674,944	1,240,834	1,258,487
Other operating revenues	8,304	5,667	16,575	22,633
Selling cost, general and administrative expenses	(277,040)	(341,028)	(600,158)	(642,469)
Costs of distribution service	(233,004)	(235,285)	(446,899)	(450,372)
Other operating costs	(8,661)	(12,381)	(20,850)	(20,504)
Operating profit	138,942	91,917	189,502	167,775
Financial income	4,403	493	8,077	1,145
Exchange differences	2,797	1,156	(3,917)	1,352
Financial costs	(14,048)	(15,616)	(29,137)	(30,897)
Profit before tax	132,094	77,950	164,525	139,375
Income tax	(24,363)	(12,969)	(30,433)	(23,915)
Net profit	107,731	64,981	134,092	115,460
Attributable to:				
shareholders of the parent company	107,731	64,981	134,092	115,460
	107,731	64,981	134,092	115,460
OTHER COMPREHENSIVE INCOME				
Foreign exchange gains /losses	1,342	(1,782)	10,541	(5,259)
Total other comprehensive income, net	1,342	(1,782)	10,541	(5,259)
COMPREHENSIVE INCOME	109,073	63,199	144,633	110,201
Net profit attributable to:				
- the shareholders of the parent entity	107,731	64,981	134,092	115,460
	107,731	64,981	134,092	115,460
Comprehensive income attributable to:				
- the shareholders of the parent entity	109,073	63,199	144,633	110,201
	109,073	63,199	144,633	110,201
Net profit	107,731	64,981	134,092	115,460
Weighted-average number of ordinary shares (in pieces)	14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	7.60	4.59	9.46	8.15
Weighted-average diluted number of ordinary shares (in pieces)	14,168,100	14,168 100	14,168,100	14,168 100
Diluted earnings per ordinary share (in PLN)	7.60	4.59	9.46	8.15

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group for the period
from 1 January to 30 June 2020

Consolidated statement of changes in equity

for the period from 01 January 2020 to 30 June 2020 (unaudited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses	Other reserve capitals	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 1 January 2020	28,336	259,530	1,219,990	(25,841)	28,764	535,908	2,046,687
Profit in the reporting period	-	-	-	-	-	134,092	134,092
Foreign exchange gains /losses	-	-	-	10,541	-	-	10,541
Total comprehensive income	-	-	-	10,541	-	134,092	144,633
Distribution of prior period profit - allocation to reserve capitals	-	-	154,975	-	-	(154,975)	-
As at 30 June 2020	28,336	259,530	1,374,965	(15,300)	28,764	515,025	2,191 320

for the period from 1 January 2019 to 31 December 2019

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses in subsidiaries	Other reserve capitals	Retained earnings	Total equity
As at 1 January 2019	28,336	259,530	983,765	(26,318)	19,030	564,830	1,829,173
Statement of comprehensive income							
Profit in the reporting period	-	-	-	-	-	227,096	227,096
Foreign exchange gains /losses in subsidiaries	-	-	-	477	-	-	477
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - transfer to supplementary and reserve capital	-	-	236,225	-	9,734	(245,959)	-
As at 31 December 2019	28,336	259,530	1,219,990	(25,841)	28,764	535,908	2,046,687

Consolidated statement of changes in equity (continuation)

for the period from 01 January 2019 to 30 June 2019 (unaudited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses	Other reserve capitals	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 1 January 2019	28,336	259,530	983,765	(26,318)	19,030	564,830	1,829,173
Profit in the reporting period	-	-	-	-	-	115,460	115,460
Foreign exchange gains /losses	-	-	-	(5,259)	-	-	(5,259)
Total comprehensive income	-	-	-	(5,259)	-	115,460	110,201
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - allocation to reserve capitals	-	-	220,597	-	3,174	(223,771)	-
As at 30 June 2019	28,336	259,530	1,204,362	(31,577)	22,204	446,460	1,929,315

Consolidated statement of cash flows

<i>(in thousand PLN)</i>	1/01/2020 – 30/06/2020	1/01/2019 – 30/06/2019
Cash flows from operating activities		
Profit before tax	164,525	139,375
Adjustments:		
Amortization and depreciation	64,958	78,755
Foreign exchange gains /losses	3,496	(181)
(Profit) /loss on the sale of property, plant and equipment	5,171	(6,375)
Net interest	24,119	29,592
Other adjustments, net	10,540	5,402
Operating profit before changes in the working capital	272,809	246,568
Increase (decrease) in inventories	(174,953)	(85,198)
Change in receivables	22,867	(161,214)
Change in short-term liabilities	365,058	149,241
Change in short-term liabilities passed for factoring	-	41,771
Cash generated by operating activities	485,781	191,168
Corporate income tax paid	(51,493)	(21,345)
Net cash from operating activities	434,288	169,823
Cash flow from investment activities		
Proceeds from the sale of intangible assets, investment property, property, plant and equipment	788	43,075
Acquisition of intangible assets, investment property, and property, plant and equipment	(18,890)	(54,563)
Cost of acquisition of shares in other entities	-	-
Repayment of loans granted	1,253	355
Loans granted	(2,580)	-
Interest received	226	108
Net cash from investing activities	(19,203)	(11,025)
Cash flow from financing activities		
Revenues under credits, loans and debt securities	1,837	-
Repayments of credits, loans and debt securities	(174,742)	(54,667)
Financial lease contracts liabilities	(63,954)	(37,167)
Interest paid	(24,345)	(29,704)
Other adjustments, net	(50)	-
Net cash from financing activities	(261,254)	(121,538)
Net change in cash and cash equivalents	153,832	37,260
Cash and cash equivalents at the beginning of the period	143,397	114,725
Cash and cash equivalents at the end of the period	297,229	151,985

Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2020

1. Information about the Inter Cars Capital Group

Scope of activities

The principal activities of Grupa Kapitałowa Inter Cars Spółka Akcyjna (hereinafter referred to as “the Group,” “the Inter Cars Capital Group,” the Inter Cars Group”) are import and distribution of spare parts for passenger cars and commercial vehicles. The parent company in the Group is Inter Cars S.A. Company (“the Company”, “the parent entity”).

Registered seat – the parent entity

Inter Cars S.A.

ul. Powsińska 64

02-903 Warszawa

Poland

Central Warehouse:

Europejskie Centrum Logistyczne (European Logistics Centre)

Swobodnia 35

05-170 Zakroczym

Contact and administrative details

The Company has been entered into the Register of Companies of the National Court Register kept by the District Court for the capital city of Warsaw, in Warsaw, XII Commercial Department of the National Court Register, under the following number:

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Supervisory Board

Andrzej Oliszewski, President

Piotr Płoszajski

Tomasz Rusak

Jacek Klimczak

Jacek Podgórski

Radosław Kudła

Management Board (as at the date of approval of the financial statements)

Maciej Oleksowicz, President

Krzysztof Soszyński, Vice-President

Wojciech Twaróg

Piotr Zamora

On 26 August 2020 the Company received from Mr. Tomáš Kaštil a statement of his resignation as a member of the Management Board of the Company as of 1 September 2020.

(in thousand PLN)

Statutory auditor

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
Ul. Polna 11; 00-633 Warsaw

1.1. Composition of the Capital Group

The parent company, Inter Cars S.A. (“the Company”) is registered in Poland. The interim consolidated financial statements for the period ended on 30 June 2020 contain information about the company, its subsidiaries referred to as the Inter Cars Capital Group (“the Group”), and about the Group’s share in related entities.

The consolidated financial statements of the Inter Cars Capital Group for the period ended on 31 December 2019 are available at www.intercars.com.pl in Investor Relations tab.

As at 30 June 2020, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the parent entity, and 33 other entities, including:

- 31 subsidiaries of Inter Cars S.A.
- 2 indirect subsidiaries of Inter Cars S.A.

The Group also holds shares in one related entity.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2020	30/06/2019
Parent company					
Inter Cars S.A.	Warsaw, Poland	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Inter Cars Ukraine	Khmelnytsky, Ukraine	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Cząstków Mazowiecki, Poland	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk, Poland	Remanufacturing of car parts	full	100%	100%
Inter Cars Česká republika s.r.o.	Prague, Czech Republic	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Warsaw, Poland	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%
IC Development & Finance Sp. z o.o.	Warsaw, Poland	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw, Poland	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Slovenská republika s.r.o.	Bratislava, Slovakia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Vilnius, Lithuania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
JC Auto S.A.	Braine-le-Château, Belgium	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2020	30/06/2019
Inter Cars Hungária Kft	Budapest, Hungary	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Italia s.r.l	Pero, Italy	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Zaprešić (Grad Zaprešić), Croatia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Nicosia, Cyprus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Mārupes nov., Mārupe, Latvia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Częstków Mazowiecki, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Swobodnia, Zakroczym, Poland	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Birkirkara, Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Sale of delivery vans and trucks	full	100%	100%
INTER CARS INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o. Inter Cars INT d.o.o.	Ljubljana, Slovenia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Tallinn, Estonia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars GREECE.	Ilioupoli Attiki, Greece	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars United Kingdom - automotive technology Ltd*	Tipton, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o. Beograd-Rakovica***	Belgrade-Rakovica, Serbia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2020	30/06/2019
Inter Cars Fleet Services Sp. z o.o.**	Warsaw Poland	Services for motor-vehicle fleets related to vehicle repairs	full	100%	-
JAG Sp. z o.o.****	Warsaw, Poland	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	-
Indirect subsidiaries					
Inter Cars Malta Limited*****	Birkirkara, Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o o*****	Vinkovci, Croatia	Distribution of spare parts and real estate rental	full	100%	100%
Associated entities					
InterMeko Europa Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%

* The company started operational activity in 2Q2019.

** The company started operational activity in 1Q2020.

*** The company started operational activity in 4Q2019.

**** Company acquired in 2Q2020.

***** 100% shares held by subsidiary company Inter Cars Malta Holding Limited

***** 100% shares held by subsidiary company Inter Cars d.o.o. (Croatia)

On 4 February 2020, a resolution was adopted to liquidate the subsidiary entity Inter Cars Deutschland GmbH, which had not become operational prior to the adoption of the said resolution.

Stock exchange listings

The shares of Inter Cars S.A., i.e. the parent entity, are listed on the Warsaw Stock Exchange in the continuous trading system.

2. Information about the accounting principles applied in the preparation of the condensed interim consolidated financial statements**2.1. Declaration of compliance with IFRS**

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2020.

The condensed interim financial statements covering first half of 2020 comply with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" related to interim financial statements.

The condensed interim financial statements of the Group are published together with the condensed standalone interim financial statements. The condensed standalone interim financial statements of the Company should be read together with the condensed interim consolidated financial statements of the Group in order to have a comprehensive view of the financial result and the financial situation of the company.

Preparation of financial statements in accordance with IFRS requires application of specific accounting estimates. It also requires from the Management Board to use its own judgement with regard to application of the accounting standards adopted by the Group. The areas that require a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 2.4

Interim condensed consolidated financial statement of Inter Cars S.A. Capital Group prepared for the period of 6 months ended on 30 June 2020 with explanatory notes to interim condensed

(in thousand PLN)

financial statements and half-year financial information of Inter Cars S.A. for 1H 2020 was approved by the Board of Managers for publication on 09 September 2020.

2.2. Basis for preparing the condensed interim consolidated financial statements

With the exception of the changes described in “Changes to the accounting principles,” these condensed interim financial statements were prepared by the Inter Cars Capital Group in accordance with the same accounting standards as those applied by the Group to prepare the consolidated financial statements for the period ended on 31 December 2019.

The condensed interim consolidated financial statements were prepared under the assumption that Group will continue as a going concern in the foreseeable future and that there are no circumstances indicating a threat to the continuance of its operations.

All values presented in the condensed interim financial statements are quoted in PLN ‘000, unless otherwise indicated.

2.3. Changes to the accounting principles

The information included in these condensed interim financial statements was prepared based on the same accounting principles and calculation methods as those applied in the preceding annual consolidated financial statements for the year 2019.

In 2019, the IFRS Interpretations Committee, hereinafter referred to as the “Committee,” published a summary of decisions made at public meetings related to IFRS 16 interpretations regarding recognition of contracts for an indefinite period of time. The Company has analysed the impact of the Committee’s decisions on its accounting policy and concluded that the decisions affect the value of the right-of-use assets as well as the lease liabilities presented in its balance sheet.

According to the new approach to and interpretation of the standard, all contracts concluded for an indefinite or definite period of time with the possibility of their extension, analysed and qualified as a lease for an anticipated term of a lease contract, estimated individually for each of the contracts.

As a result, in the first half of 2020 the above-mentioned contracts were recognized, what was not included in the estimation of leasing contracts performed in the first half of the year before,

2.4. Material evaluations and estimates

The preparation of the condensed consolidated interim financial statements in conformity with the EU IFRS requires the Company’s Management Board to use evaluations and estimates that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses. The judgements and estimates are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised.

In the reporting period, there were no important changes in judgements or estimates described in the annual consolidated financial statements for 2019, besides changes described in point 2.3 of these statements.

2.5. Seasonality

The demand for spare parts is seasonal. Typically, the high season is recorded in the second and third quarter of a year, and the beginning and the end of the year usually present weaker demand.

This is directly linked to the seasonal nature of some repairs for which the spare parts are required, and to the smaller number of repairs made by clients during winter.

In the current financial year, the Company is expecting interference in seasonal sales, as a result of SARS-COV-2 pandemic. Taking into consideration the duration of current situation and its further development, and also unpredictability of external factors, it is not possible to present precise numbers of potential influence of the pandemic on the demand and sales in the coming months.

(in thousand PLN)

2.6. The functional and the presentation currencies and the principles adopted to translate the financial data.

The presentation and the functional currencies

The functional currency of the parent company and the presentation currency of these condensed consolidated interim financial statements is the Polish zloty (PLN). The figures presented in these financial statements are expressed in thousands of PLN, unless indicated otherwise.

The principles adopted to translate the financial data

Translation into PLN of the financial statements of the foreign entities for the consolidation purposes:

- assets and liabilities - according to the exchange rate as at the end of the reporting period,
- statement of profit or loss or statement of other comprehensive income, as well as the statement of cash flows - according to the average exchange rate during the reporting period.

Foreign currency gains/losses resulting from the above-mentioned translation are recognized in equity as foreign exchange gains/losses from translation of foreign subsidiaries.

CURRENCY	Average exchange rate during the reporting period		Exchange rate at the end of the reporting period	
	6 months	6 months	30/06/2020	31/12/2019
	2020	2019		
EUR/PLN	4.4413	4.2880	4.4660	4.2585
CZK/PLN	0.1677	0.1669	0.1666	0.1676
HUF/PLN	0.0127	0.0134	0.0125	0.0128
HRK/PLN	0.5887	0.5780	0.5900	0.5722
RON/PLN	0.9205	0.9031	0.9220	0.8901
BGN/PLN	2.2708	2.1925	2.2834	2.1773
UAH/PLN	0.1532	0.1413	0.1493	0.1602
MDL/PLN	0.2274	0.2156	0.2271	0.2208
BAM/PLN	2.2518	2.1957	2.2598	2.1773
GBP/PLN	5.0497	4.8527	4.8851	4.9971

The average exchange rate during the reporting period is calculated as the average NBP exchange rate applicable on the last day of each month of the first six months of 2020 and 2019.

2.7. Information on business segments

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In addition, the companies Feber Sp. z o.o., Lauber Sp. z o.o., IC Development & Finance Sp. z o.o., Inter Cars Marketing Services Sp. z o.o. and ILS Sp. z o.o. are active in other business segments, such as: the manufacturing of semi-trailers, remanufacturing of spare parts, real estate development, marketing and logistics, whilst Q-service Truck Sp. z o.o. is an authorized dealer of Isuzu commercial vehicles and an importer of Ford Trucks vehicles. The above-mentioned business segments may not be recognized as separate business segments individually, hence they are shown in the "Other segments" column.

The Inter Cars Group applies uniform accounting policies to all its business segments and they are also the same as the ones used for preparing these financial statements.

Transactions between particular segments are carried out at arm's length.

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

Revenues and financial result by operating segments

Information on business segments

for the period of 6 months ended on 30 June 2020

	Sale of spare parts	Other segments	Eliminations	Total
External sales	3,827,087	244,152	-	4,071 239
Inter-segment sales	4,346	48,325	(52,671)	-
Profit before tax	172,086	2,047	(9,608)	164,525

for the period of 6 months ended on 30 June 2019

	Sale of spare parts	Other segments	Eliminations	Total
External sales	4,179 057	62,233	-	4,241 290
Inter-segment sales	4,028	235,932	(239,960)	-
Profit before tax	182,859	6,703	(50,187)	139,375

Exclusions apply to transactions of sale of commodities and services between companies that belong to different operation segments.

Assets by operating segments

	Status as at 30 June 2020	Status as at 31 December 2019
Sale of spare parts segment	5,896 393	6,054 202
Other segments	1,004,681	507,474
Eliminations	(2,176,273)	(2,137,783)
	4,724 801	4,423 893

Liabilities by operating segments

	Status as at 30 June 2020	Status as at 31 December 2019
Sale of spare parts segment	3,745 049	3,540 367
Other segments	135,571	149,577
Eliminations	(1,347,139)	(1,312,738)
	2,533 481	2,377 206

3. Other amounts

3.1. Property, plant, equipment and intangible assets

In 1H of 2020, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 18,890 thousand, of which Inter Cars' investments accounted for PLN 4,915 thousand.

In 1H of 2019, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 54,563 thousand, of which Inter Cars' investments accounted for PLN 15,261 thousand.

3.2. Investments in related entities

Investments in subordinated entities as at 31/12/2019	1,030
Increases	-
Decreases	(1)
- share in results of Intermeko	(1)
Investments in subordinated entities as at 30/06/2020	1,029

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2020

(in thousand PLN)

3.3. Inventory

	30/06/2020	31/12/2019
Materials	40,153	41,141
Half-products and work in progress	5,122	3,768
Finished goods	7,012	6,458
Merchandise	2,185 485	2,011 452
	2,237 772	2,062 819
Merchandise	2,200 342	2,026 309
Revaluation write-downs on goods	(14,857)	(14,857)
	2,185 485	2,011 452

A revaluation write-down on goods in the holding entity Inter Cars S.A. as at 30 June 2020 amounted to PLN 1,749 k and did not change compared with 31 December 2019.

3.4. Trade and other receivables

	30/06/2020	31/12/2019
Trade receivables	769,342	795,586
Taxes, subsidies, customs, social security, health insurance and another benefits receivable	105,338	104,154
Loans granted	5,355	3,967
Other receivables and accrued expenses	72,838	78,546
Short term trade and other receivables – gross	952,873	982,253
Revaluation write-down on receivables	(25,550)	(27,480)
Short-term trade and other receivables – net	927,323	954,773

Change in impairment loss on trade receivables

	1.01.2020 - 30.06.2020	1.01.2019 - 31.12.2019
Status as at the beginning of the period	(27,480)	(18,028)
Increase	(3,305)	(11,185)
Used	5,235	1,733
Status as at the end of the period	(25,550)	(27,480)

Revaluation write-down on receivables in the Parent Entity Inter Cars S.A. amounted to PLN 16,949 thousand as at 30 June 2020, and was less by PLN 2,214 thousand compared to 31 December 2019.

Compared to 31 December 2019, there were no significant changes to the Group's credit risk management policy.

3.5. Equity

Equity includes funds and capital reserves created in accordance with the applicable laws and regulations, i.e. statutory provisions and provisions of the Company's Articles of Association.

The share capital comprises 14,168,100 shares with the total par value of PLN 28,336,200. Its amount remained unchanged in the reporting period. The share premium account also remained unchanged at PLN 259,530,475.

3.6. Dividend

In the reporting period, no dividend was distributed by Inter Cars S.A.

(in thousand PLN)

On 5 May 2020, the Company's Management Board passed a resolution to accept the Board's motion for the distribution of the 2019 profit, in conformity with which the Board concluded for the distribution of the 2019 profit such that the net profit of PLN 154,974 thousand earned in 2019 shall be transferred in full to supplementary capital. The Company's Supervisory Board acknowledged and approved the Management Board's motion of 5 May 2020 regarding the distribution of the 2019 profit and recommended that the Company's Shareholders Meeting adopt a resolution on distributing the 2019 profit in conformity with the Management Board's motion.

This constitutes a deviation from the Company's dividend policy for the years 2017-2019, adopted and announced by the Company's Management Board on 9 May 2017, and is justified by the economic uncertainty caused by the SARS-CoV-2 pandemic.

On 8 June 2020 the General Shareholders Meeting, taking into account the Board's motion in this area, which obtained positive opinion of the Supervisory Board, adopted a resolution on the distribution of the 2019 net profit earned in 2019 in the amount of PLN 154,974 thousand shall be transferred in full to supplementary capital.

3.7. Liabilities due to borrowings and other debt instruments

Non-current	30/06/2020	31/12/2019
Secured bank loans	536,739	565,744
Licence subscription liabilities	4,920	9,137
Finance lease liabilities	223,343	229,783
	765,002	804,664
Current	30/06/2020	31/12/2019
Secured bank loans	436,914	576,455
Licence subscription liabilities	9,528	8,824
Finance lease liabilities	39,142	42,800
	485,584	628,079

The syndicated credit facility agreement

The credit conditions for term loans and revolving credits are described in the annual consolidated financial statements of the Group ended on 31 December 2019.

Bank credits concluded directly by subsidiary companies

Conditions of credit facility agreements have been described in consolidated financial statements of the Group.

The credit facility bears interest at a variable rate, depending on WIBOR, ROBOR, EURIBOR, PRIBOR rates, increased by bank margins (determined at arm's length) for each individual interest period.

Source of finance	Interest rate
Syndicated loan agreement	
Bank Pekao S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
CaixaBank S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Bank Handlowy w Warszawie S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
DNB Bank Polski S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Bank BGŻ BNP Paibas S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
mBank S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
ING Bank Śląski S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Source of finance	Interest rate
Raiffeisenbank a.s. Czech	PRIBOR 1M + bank margin
ING Bank N.V Romania	ROBOR 1M + bank margin
Nova Kreditna Banka Maribor d.d. Slovenia	

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2020

(in thousand PLN)

As at the balance sheet date and till the approval of the financial statements there was no breach of covenants stipulated in credit loan agreements concluded by the parent entity and related entities.

Loans and borrowings as at 30 June 2020

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	878,688	368,264	12-11-2020
Inter Cars S.A.		322,729	
Inter Cars Slovenska Republika s.r.o.		34,271	
Lauber Sp. z.o.o.		11,264	
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	29,322	19,841	28-02-2021
ING Bank N.V. (Inter Cars Romania s.r.l.)	64,540	44,650	11-11-2020
Nova Kreditna Banka Maribor d.d. (Inter Cars INT D o.o.)	6,699	4,466	18-11-2020
	979,249	437,221	
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	565,500	537,000	12-11-2021
	565,500	537,000	

Loans and borrowings as at 31 Dec. 2019

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	878,688	523,170	12-11-2020
Inter Cars S.A.		478,939	
Inter Cars Slovenska Republika s.r.o.		30,926	
Lauber Sp. z.o.o.		13,305	
ING Bank N.V. (Inter Cars Romania s.r.l.)	62,307	54,055	11-11-2020
	940,995	577,225	
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	565,500	537,000	12-11-2021
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	29,498	25,140	28-02-2021
Nova Kreditna Banka Maribor d.d. (ICSI - Inter Cars INT D o.o.)	6,388	4,259	01-01-2021
	601,386	566,399	

3.8. Cash flow hedges

As at 30 June 2020, the Group did not have any open futures contracts serving as cash flow hedges.

3.9. Contingent liabilities, security and future liabilities (including those resulting from operating lease contracts)

Contingent liabilities, security and future liabilities, including those resulting from operating lease contracts, did not change significantly compared to those described in the financial statements prepared as at 31 December 2019.

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2020

(in thousand PLN)

Changes in sureties and guaranties

Status as at 31 December 2019	<u>17,188</u>
Increase	9,271
Expired	(3,302)
Status as at 30 June 2020	<u><u>23,157</u></u>

3.10. Transactions with related entities

All transactions with related entities are executed at arm's length. The parent entity transacts with entities related to the members of the Supervisory Board and the Management Board and their family members.

In June 2020 shares in the JAG Sp z o.o. Company were purchased, and the Company was related to family members of vice-President of the Company, Krzysztof Soszyński.

The table below sets forth the value of the transactions.

	<u>1.01.2020- 30.06.2020</u>	<u>1.01.2019- 30.06.2019</u>
<i>Transactions with related entities</i>		
Income on sales to related entities	110	1,285
Purchase of goods and services from related entities	242	9,810

	<u>30/06/2020</u>	<u>31/12/2019</u>
<i>Settlements with related entities</i>		
Receivables from related entities	50	1,748
Liabilities to related entities	8	253

	<u>1.01.2020- 30.06.2020</u>	<u>1.01.2019- 30.06.2019</u>
<i>(in thousand PLN)</i>		
<i>remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	315	257
Remuneration of the members of the Management Board	4,222	5,192
	<u>4,537</u>	<u>5,449</u>

3.11. Deferred tax

Change in deferred tax assets	<u>30/06/2020</u>	<u>31/12/2019</u>
As at beginning of period	84,152	69,099
Increase/ (decrease)	16,183	15,053
As at end of period	<u>100,335</u>	<u>84,152</u>
Change in deferred tax liabilities	<u>30/06/2020</u>	<u>31/12/2019</u>
As at beginning of period	86,733	73,083
(Termination)/creation in the period	(18,628)	13,650
As at end of period	<u>68,105</u>	<u>86,733</u>

	<u>31/12/2019</u>	<u>Effect on net profit</u>	<u>30/06/2020</u>
Deferred tax assets	84,152	16,183	100,335
Deferred tax liabilities	(86,733)	18,628	(68,105)
	<u>(2,581)</u>	<u>34,811</u>	<u>32,230</u>

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2020

(in thousand PLN)

Offsetting deferred income tax assets and provisions as at 30 June 2020.	Assets	Provision
Deferred tax assets/liabilities	<u>100,335</u>	<u>68,105</u>
Deferred tax offset against liabilities	<u>(65,666)</u>	<u>(65,666)</u>
Deferred tax liabilities as disclosed in the balance sheet	<u>34,669</u>	<u>2,439</u>

3.12 Income tax

Income tax recognised under current period profit or loss

	1.01.2020 - 30.06.2020	1/01/2019 – 30/06/2019
Current income tax	<u>65,244</u>	<u>48,252</u>
Change in deferred income tax	<u>(34,811)</u>	<u>(24,337)</u>
Income tax disclosed in statement of comprehensive income	<u>30,433</u>	<u>23,915</u>

Tax authorities are entitled to inspect books and accounting records. Within five years from the end of a year when a tax return is submitted, they may impose additional tax charges along with interest and other penalties. In the Management Board's opinion, no circumstances occurred which could result in material liabilities on account of such charges, interest or penalties.

Pursuant to General Anti-Avoidance Rule (GAAR) of 15 July 2016, which is to prevent blatant, artificial or contrived arrangements which are directed at tax avoidance in Poland, the Bard of the parent entity considered the influence of transactions which could potentially be the subject of GAAR regulations, on the deferred tax, tax value of the assets and provision for tax risk. In the opinion of the Board, performed analysis did not indicate the need of correction of the items presented in the report on current and deferred corporate income tax, but in the opinion of the Board in case of the GAAR regulations there is inherent uncertainty that tax authorities might provide different interpretation of these regulations, change their approach to those interpretations or the GAAR regulations themselves might be amended, what might influence the possibility of realization of assets on the deferred corporate income tax in future periods and also result in possible need of payment of income tax for past periods.

3.13 Events subsequent to the balance sheet day as at which the report was prepared which may have a material bearing on the Company's future financial results

No such events.

Warsaw, 09 September 2020

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Piotr Zamora
Member of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Julita Pałyska
Chief Accountant

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP

1. Organizational structure of the Inter Cars Group, including entities subject to consolidation

The parent company, Inter Cars S.A. (hereinafter referred to as "the Company" / "the parent entity") is registered in Poland. The abridged interim consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January to 30 June 2020 contain the details of the parent entity and its subsidiaries referred to as the Inter Cars S.A. Capital Group (hereinafter referred to as "the Group") and the Group's interest in related entity.

The financial statements of the following entities were subject to consolidation ("the Capital Group"):

- the parent entity: Inter Cars S.A., with its registered seat in Warsaw,
- subsidiaries: Inter Cars Ukraine LLC with registered seat in Khmelnytsky, Ukraine (100% of Inter Cars S.A.'s interest in the company's capital), Lauber Sp. z o.o. with registered seat in Słupsk (100%), Q-Service Sp. z o.o. with registered seat in Częstokow Mazowiecki (100%), Inter Cars Česká Republika with registered seat in Prague (100%), Feber Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars Slovenska Republika with registered seat in Bratislava (100%), Inter Cars Lietuva UAB with registered seat in Vilnius (100%), IC Development & Finance Sp. z o.o. with registered seat in Warsaw (100%), Armatus Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars Hungária Kft with registered seat in Budapest (100%), JC Auto S.A. with registered seat in Braine-le-Château (100%), Inter Cars d.o.o. with registered seat in Zapresic (100%), Aurelia Auto d.o.o. with registered seat in Vinkovci (100%), Inter Cars Italia s.r.l. with registered seat in Pero (100%), Inter Cars Romania s.r.l. with registered seat in Cluj-Napoca (100%), Inter Cars Cyprus Limited with registered seat in Nicosia (100%), Inter Cars Latvija SIA with registered seat in Mārupes nov., Mārupe (100%), Inter Cars Bulgaria with registered seat in Sophia (100%), Cleverlog Autoteile GmbH with registered seat in Berlin (100%), Inter Cars Marketing Services Sp. z o.o. with registered seat in Częstokow Mazowiecki (100%), ILS Sp. z o.o. with registered seat in Swobodnia (municipality Zakroczym) (100%), Inter Cars Malta Holding Limited with registered seat in Birkirkara (100%), Inter Cars Malta Limited with registered seat in Birkirkara (100%), Q-service Truck Sp. z o.o. with registered seat in Warsaw (100%), %, Inter Cars INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o. Inter Cars INT d.o.o. with registered seat in Ljubljana (100%), Inter Cars Eesti OÜ with registered seat in Tallinn (100%), Inter Cars Moldavia with registered seat in Kishinev (100%), Inter Cars Greece with registered seat in Ilioupoli Attiki (100%), Inter Cars d.o.o. with registered seat in Sarajevo (100%), Inter Cars United Kingdom - automotive technology Ltd. with registered seat in Tipton (100%), Inter Cars d.o.o. Beograd-Rakovica with registered seat in Belgrade-Rakovica (100%), Inter Cars Fleet Services Sp. z o.o. with registered seat in Warsaw (100%) and JAG Sp. z o.o. with registered seat in Warsaw (100%).

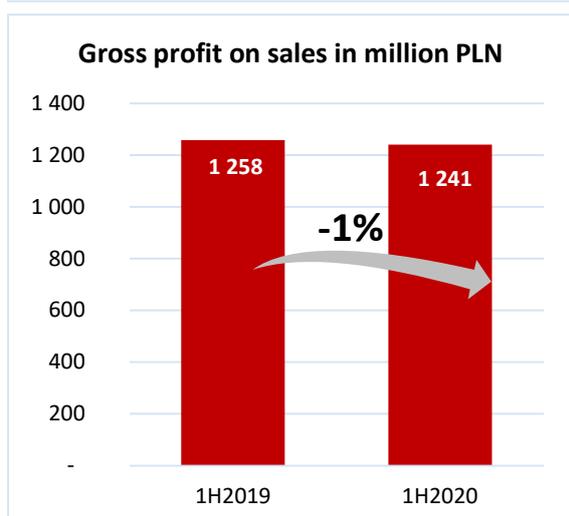
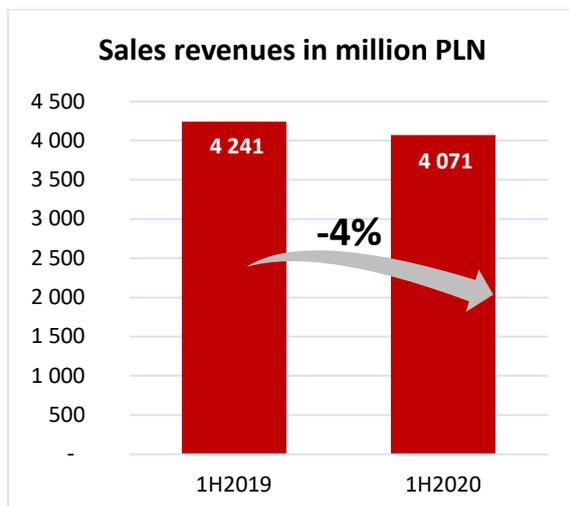
2. Basis of preparing the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2020.

The condensed interim financial statements comply with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" related to interim financial statements, and do not contain all the information required for annual financial statements. These condensed interim financial statements should be read together with the annual consolidated financial statements.

3. Overview of the Group's operations on consolidated and separate basis for the period from 01 January 2020 – 30 June 2020.

Overview of the financial results of the Inter Cars Group for the first and half of 2020



- The consolidated revenues on the Group's sales decreased by 4% compared to the same period of 2019. The decrease was attributed to the global pandemic of the SARS-COV-2 virus. Consequently, many governments implemented radical limitations to social and economic activity, as well as travel restrictions. Despite gradual lifting of the restrictions, companies, including the Inter Cars Group, have been experiencing a decrease in consumer demand.
- Export sales understood as direct sales (from Inter Cars S.A.) to overseas contractors (mainly from Eastern European markets) and to overseas distribution companies increased by 7% compared

to the same period of the previous year, where: sales by the foreign distribution companies amounted to PLN 1,930 million in the first half of 2020, accounting for over 8% growth.

Inter Cars' domestic revenue accounted for app. 48% of the Group's total revenue (including consolidation exemptions), compared to 53% in the first half of 2019. The Polish market remains the basic sales market for the Capital Group.

- Consolidated margin on sales amounted to 30.5%. In the first half of 2020 the influence of currency exchange gains and losses on the margin was insignificant, whilst in the same period of 2019 it amounted to -0.2 percent. After elimination of exchange rate differences, the margin would amount to 30.5% for 1H 2020 and 29.9% for 1H 2019.
- The consolidated margin on the operating activities for the first half of 2020 amounted PLN 189,502 thousand and was PLN 21,727 thousand higher than consolidated margin on the operating activities in the same period a year before.
- Consolidated net profit for 6 months 2020 amounted to PLN 134.1 m and was higher by PLN 18.6 m, compared to the same period of 2019. The main factor influencing the results of the Group in the first half of 2020 was the struggle with the consequences of the pandemic, including, most importantly a slowdown in sales resulting from smaller demand in Poland and in foreign countries. Despite a rapid decrease in sales which started the end of March 2020, the Group generated results on a higher level in comparison to the previous year. As a result of the decisions taken by the Board of the Company to reduce operating costs by, among other things, putting on hold realization of the projects, limiting marketing activities, reducing employment and working time, the profitability of the Group was kept on a proper level. As a result, the operating expenses of the Group decreased by 6.6% compared to the same period of 2019.
- Share of costs of sales and administrative costs in sales revenues for the 6 months of 2020 is lower than in the same period a year before, amounting to 14.7%, whilst one should notice that in the second quarter of 2020 the share of costs of sales and administrative costs in sales revenues was lower by 2.1 percent than

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

in the same period of a year before and amounted to 13.1%.

- Financial expenses on crediting of the Group in the first half of 2020 went down by 24.3% in comparison to the same period a year before. This was connected with a decrease of WIBOR rate and lowering of bank margin, resulting from reaching a Net debt / EBITDA factor below 2.5, and also a decrease in net debt of the group down by PLN 325 million, comparing debt as at 30 June 2020 and 2019.
- The effective tax rate for the Group for 6 months of 2020 cumulatively was 18.5%.

Sales revenues on geographical markets.

The Group has been consistently expanding its business in Central and Eastern Europe. This market displays a large potential of growth and a net profitability higher than the domestic market. Nevertheless, in the current reporting period, at the beginning of the pandemic caused by SARS-COV-2 virus, the Group recorded a decrease in sales revenues in all geographical markets. As at end of reporting period, the markets which recorded a decrease in sales were: Poland, Lithuania, Croatia and Italy. Sales growth in all remaining countries, compared to 6 months of 2019, had a positive value. As revenues in Poland constitute the biggest share in the revenues of the whole Group, the consolidated revenue reached -4%.

Taking into account dynamically changing circumstances, increased level of market insecurity and uncertainty of further influence of the pandemic, including possible, so called second wave of pandemic on the economy, industry, business partners of the Group and consumer behaviours, the Board of the Company is not able to refer to the sales forecast for coming months.

In the first half of 2020 the most dynamic sales growth, as compared to the same period of 2019 (after translation into PLN and following consolidation exemptions), was recorded by companies in the following countries: Greece (increase by 152%), Bosnia (increase by 56%), Moldova (increase by 25%), Germany – Cleverlog (increase by 35%), Ukraine (increase by 33%) . Whilst the Companies in the Group with the greatest influence on Group's revenue were the companies in the following countries: Poland (decrease by 6%), Romania (increase by 3%), Bulgaria (increase by 13%), Latvia (increase by 3%), Slovakia (increase by 14%), Czech (increase by 8%), Hungary (increase by 2%).

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

The underlying financial data of the Inter Cars S.A. Group for 1 half of 2020 were as follows:

	for 6 months ended on 30 June			
	2020	2019	2020	2019
('000)	PLN	PLN	EUR	EUR
Profit and loss account (for the period)				
Sales revenues	4,071,239	4,241,290	916,677	989,107
Gross profit (loss) on sales	1,240,834	1,258,487	279,385	293,490
Net financial revenues / costs	(24,977)	(28,400)	(5,624)	(6,623)
Operating profit (loss)	189,502	167,775	42,668	39,127
Net profit (loss)	134,092	115,460	30,192	26,926
Other financial data				
Operating cash flows	434,288	169,823	97,784	39,604
Investing cash flows	(19,203)	(11,025)	(4,324)	(2,571)
Financing cash flows	(261,254)	(121,538)	(58,824)	(28,344)
Basic profit per share	9.46	8.15	2.13	1.90
Sales margin	30.5%	29.7%		
EBITDA margin	6.3%	5.8%		
Balance sheet (as at)				
Cash and cash equivalents	30/06/2020 297,229	31/12/2019 143,397	30/06/2020 66,554	31/12/2019 33,679
Balance sheet total	4 724,801	4,423 893	1,057,949	1,038 838
Loans, borrowings and finance lease	1,250,585	1,432 867	280, 024	336,472
Equity	2,191,320	2,046,687	490,667	480,612

The following exchange rates were applied to calculate selected financial data in EUR:

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2020 – EUR 1 = PLN 4.4660, and exchange rate of 31 December 2019 – EUR 1 = PLN 4.2585
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2020 and 2019, respectively: 1 EUR = PLN 4.4413 and 1 EUR = PLN 4.2880 PLN.

Overview of the financial results of the parent company – Inter Cars

The underlying financial data of Inter Cars S.A. were as follows:

	for 6 months ended on 30 June			
	2020	2019	2020	2019
('000)	PLN	PLN	EUR	EUR
Profit and loss account (for the period)				
Sales revenues	2,852,625	3,111,570	642,295	725,646
Gross profit (loss) on sales	751,253	779,637	169,152	181,818
Costs of license	(3,251)	(3,908)	(732)	(911)
Net financial revenues / costs	(16,465)	29,872	(3,707)	6,966
Operating profit (loss)	118,766	76,190	26,741	17,768
Net profit (loss)	82,068	94,071	18,478	21,938
Other financial data				
Operating cash flows	278,081	98,454	62,613	22,960
Investing cash flows	(8,969)	24,131	(2,019)	5,628
Financing cash flows	(204,350)	(116,096)	(46,011)	(27,075)
Basic profit per share	5.79	6.64	1.30	1.55
Sales margin	26.34%	25.06%		
EBITDA margin	4.82%	3.39%		
Balance sheet (as at)				
Cash and cash equivalents	30/06/2020 82,729	31/12/2019 17,967	30/06/2020 18,524	31/12/2019 4,219
Balance sheet total	3,660 599	3,486 970	819,659	818,826
Loans, borrowings and finance lease	978,657	1,142 042	219,135	268,179
Equity	1,649,954	1,567,886	369,448	368,178

The sales revenues in 1 half of 2020 were **8.3% lower** than in the same period of 2019. The sales revenues in the parent entity include sales in Poland, sales to foreign customers and to related companies, domestic and foreign.

The gross sales profit (for the 1 half of 2020) was 3.64% lower than in the same period of 2019. **The sales margin** for the 1 half of 2020 was 26.34% (compared to 25.06% in the 1 half of 2019). After eliminating the influence of currency exchange rate differences on the margin in the first half of 2020 (+0.87% and in the same period a year before -0.2%) the sales margin would be 25.47% in the first half of 2020 and 25.30% in the same period of 2019.

Distribution costs – the share of the entity managing the branch in the margin earned. The sales margin generated by a branch is divided between the branch and Inter Cars in the 50/50 ratio. The branch system is based on the assumption of entrusting management of a distribution point (branch) to external entities. Sales are made on behalf of Inter Cars.

License fees - fees for using trademarks held by Inter Cars Marketing Services S.A. for the purposes of the current activity of the distribution companies.

The financial revenues and costs include primarily the costs and revenues from interest and revenues from the dividend. In the first half of 2020, the Company incurred cost of PLN 16,648 k, compared with PLN 20,434 k in the same period of 2019. The revenues from the dividend amount to PLN 2,859 k for the first half of 2020 and PLN 50,029 k for the same period of 2019, respectively.

Liabilities due to credits, loans, borrowings, debt securities and finance lease as at 30 June 2020 amounted to PLN 998,550 thousand and decreased by 15% compared with PLN 1,171,999 thousand as at 31 December 2019.

4. Factors and events of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events

The major events affecting the current and future business activity

- The consolidated EBITDA for 12 months cumulatively for the period ending on 30 June 2020 amounted to PLN 470,073 thousand (cumulatively as a profit on operating activity plus depreciation) and was PLN 35,059 thousand higher compared to the same period a year before.
- Net debt /EBITDA ratio was 2.03 as at 30 June 2020, (compared to 2.94 a year before)
- The main factor influencing the results of the Group in the first half of 2020 was struggle with the consequences of the pandemic, including, most importantly a slowdown in sales resulting from smaller demand in Poland and in foreign countries. Despite rapid decrease in sales at the end of the first quarter, the Group generated results on a higher level in comparison to the previous year. As at end of reporting period, the markets which recorded a decrease in sales were: Poland, Lithuania, Croatia and Italy. Sales growth in all remaining countries, compared to 6 months of 2019, had a positive value. This means that decreasing trend from the beginning of the pandemic was upturned. As revenues in Poland constitute the biggest share in the revenues of the whole Group, the consolidated revenue reached -4%.
- After having analysed all the threats resulting from revenue decrease caused by the pandemic of the virus, the Board of the Group took immediate decisions on decreasing the operating costs by, among other things, putting on hold realization of the projects, limiting marketing activities, reducing employment and working time. Profitability of the Group has been kept on a proper level, despite a decrease in gross profit on sales by 1.4%.

5. Changes in the structure of the business entity

No such events.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

6. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2020

The Capital Group Inter Cars S.A. did not publish any forecasts of financial results.

7. Shareholders holding 5% or more of the total vote as at the date of publication of these financial statements

Shareholder	Number of shares	Total nominal value (PLN)	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
AVIVA Otwarty Fundusz Emerytalny Aviva Santander	1,896,778	3,793,556	13.39%	13.39%
Nationale-Nederlanden OFE and Nationale-Nederlanden DFE	1,416,799	2,833,598	9.99%	9.99%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Immersion Capital LLP	748,776	1,497,552	5.29%	5.29%
Total	9,066,444	18,132,888	63.99%	63.99%

* OK Automotive Investments B.V. is a company which is dependent from Krzysztof Oleksowicz - a Member of the Management Board of the Company till 31 December 2019.

By the date of release of these financial statements, the Company has not received any other shareholding notifications

One share gives one vote at the General Shareholders Meeting of the Company. Voting restrictions are laid out in §18a of the Articles of Association, according to which no shareholder holding over 33% of votes may cast more than 33% of the total number of votes they are entitled to as at the date of the General Meeting. This restriction does not apply to determining the purchasers of substantial blocks of shares.

Furthermore, pursuant to the provisions of the Articles, this limitation shall expire if one of the shareholders purchases (on their own behalf and account) and registers at the General Meeting over 50% of the total number of votes in the Company, provided that all shares above 33% of the total number of shares in the Company and all shares above this threshold are purchased by such shareholder in response to a call to subscribe for all shares of the Company announced in conformity with the Act.

Above change of Status of the Company was registered by the registry court - District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register, on 17 May 2017.

8. Changes in major holdings of the Company shares

From the date of publication of the previous quarterly report, i.e. 05 June 2020, there has been no change in shareholders holding at least 5% of total shares.

9. Changes in the number of shares and rights to shares (options) in Inter Cars S.A. held by the Company's Management and supervisory personnel since the publication of the most recent quarterly report.

The Company's supervisory and managing personnel hold directly a total of 1,277,370 shares, constituting 9.02% of the total vote at the General Shareholders Meeting of Inter Cars.

The managing and supervisory personnel hold no shares in the subsidiaries of Inter Cars.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

Shareholder	Number of shares	Total nominal value	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
Supervisory Board				
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
	1,277,370	2,554,740		
Total	1,277,370	2,554,740	9.02%	9.02%

Changes in ownership of the Company shares held by the Company's management and supervisory personnel since the publication of the most recent quarterly report, i.e. 17 April 2020:

Shareholder	Number of shares as at 17/04/2020	Increases	Decreases	Number of shares as at 1/09/2020
Andrzej Oliszewski	1,277,370	-	-	1,277,370
Tomáš Kaštil	1,500	-	1,500	0*
Total	1,278 870	-	1,500	1,277,370

* On 26 August 2020 the Company received from Mr. Tomáš Kaštil a statement of his resignation as a member of the Management Board of the Company as of 1 September 2020.

10. Information on court, arbitration and administrative proceedings

In 2020, no proceedings were brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings, whose aggregate value would represent 10% or more of the Company's equity.

Furthermore, no proceedings are pending before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiaries whose aggregate value would represent 10% or more of the Company's equity.

11. Other information which the Company deems relevant for the assessment of its personnel, assets, financial position and financial result or changes in any of the foregoing, and for the assessment of the Company's ability to perform its obligations

This information is included in the section entitled "Factors and events of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events."

12. Factors which in the Company's opinion will affect its financial results in the period covering at least the next quarter.

Factors which in the Management Board's opinion will affect the Company's financial results in Q3 2020 include:

- ✓ *the condition of the Polish and European economy* and its impact on the financial situation of customers and consumers (including the impact of the COVID-19 pandemic on the global economy and the market demand);
- ✓ *optimization of business costs* to maintain profitability on a proper level in the face of a sudden decrease in sales related to the pandemic, in particular:
 - shortening of time of work by maximum 20%
 - reduction of employment

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2020

(in thousand PLN)

- renegotiation of contracts with suppliers
 - suspension of projects
 - limitation of IT budget
 - decrease in spending on marketing
 - limitation of bonuses
 - renegotiation of lease contracts
 - optimization of distribution chain
- ✓ renegotiation of contracts with suppliers and the risk of receiving trade bonuses in the amounts lower than planned;
 - ✓ *trends in the foreign exchange rates, mainly EUR, USD and YEN against PLN, UAH, HUF, CZK, HRK, RON, BGN, MDL and BAM;*
 - ✓ trends in the demand from export customers, related mainly to political and legal situation in Ukraine;
 - ✓ changes in interest rates, which will determine the amount of interest on contracted loans and thus affect the financial expenses;
 - ✓ planned improvement in the stock turnover, which should reduce the financial costs by lowering the requirement for inventory financing;
 - ✓ *optimization of logistics processes related to cost reductions;*
 - ✓ enhanced awareness of the "Inter Cars" brand and obtaining new customers, which will contribute to the development of operating activities;

13. Key threats and risks affecting the remaining months of the financial year

The risks regarding Q3 2020, specified by the Management Board affect also the other months of 2020, as specified in section 12.

Taking into account dynamically changing circumstances, increased level of market insecurity and uncertainty of further influence of the pandemic, including possible, so called second wave on the economy, industry, business partners of the Group and consumer behaviours, the Board of the Company is not able to refer to the forecast for coming months.

14. Information on conclusion by the Company or its subsidiaries of a single or more transactions with related entities if such transactions are jointly or separately material and were not concluded at arm's length.

All transactions with related entities were concluded at arm's length.

15. Information on sureties issued by the Company or its subsidiary in respect of loans or borrowings or guarantees issued – jointly to a single entity or its subsidiary, where the total value of such sureties or guarantees is equivalent to at least 10% of the Company's equity.

In the reporting period, Inter Cars S.A. and its subsidiaries did not grant any sureties for credits, loans or other guarantees with substantial value.

Sureties and guarantees granted by the Group as at 30 June 2020 amounted in total to PLN 23,157 thousand.

Warsaw, 09 September 2020

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Piotr Zamora
Member of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

*(in thousand PLN)***INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR THE PERIOD FROM 1 January 2020 TO 30 June 2020****Separate statement of financial position**

<i>(in thousand PLN)</i>	<u>30/06/2020</u>	<u>31/12/2019</u>	<u>30/06/2019</u>
ASSETS			
Non-current assets			
Property, plant and equipment	112,728	119,783	122,543
Right-of-use assets	12,258	14,913	13,159
Intangible assets	182,288	187,095	189,458
Investments in subordinated entities	427,358	425,367	418,193
Investments available for sale	258	258	258
Receivables	17,552	16,012	16,475
Non-current receivables on long-term rental	100,884	96,761	48,224
Deferred tax assets	7,157	-	6,597
	860,483	860,189	814,907
Current assets			
Inventory	1,417,379	1,256,345	1,431,998
Trade and other receivables	1,255,833	1,311,271	1,440,367
Receivables on short-term rental	44,175	41,198	17,843
Cash and cash equivalents	82,729	17,967	30,771
	2,800,116	2,626,781	2,920,979
TOTAL ASSETS	3,660,599	3,486,970	3,735,886
LIABILITIES			
Equity			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Supplementary capital	1,273,761	1,118,787	1,118,787
Other reserve capitals	5,935	5,935	5,935
Retained earnings	82,392	155,298	94,394
	1,649,954	1,567,886	1,506,982
Long-term liabilities			
Liabilities due to credits and loans	536,738	536,487	481,345
Finance lease liabilities	16,736	22,517	57,828
Non-current liabilities on long-term rental	100,884	96,761	55,589
Deferred income tax provision	-	20,777	-
	654,358	676,542	594,762
Short-term liabilities			
Trade and other liabilities	815,542	575,776	851,414
Liabilities on credits, loans, debt securities	412,091	568,810	674,234
Finance lease liabilities	13,092	14,228	30,148
Liabilities on the short-term rental	44,175	41,198	23,982
Employee benefits	22,876	19,487	15,726
Income tax liabilities	48,511	23,043	38,638
	1,356,287	1,242,542	1,634,142
TOTAL LIABILITIES	3,660,599	3,486,970	3,735,886

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

(in thousand PLN)

Separate statement of comprehensive income

	<i>for 3 months ended on 30 June</i>		<i>for 6 months ended on 30 June</i>	
	2020	2019	2020	2019
	Not audited	not audited	not audited	not audited
Revenues from the sale of products, goods and materials	1,456,060	1,657,263	2,852,625	3,111,570
Cost of sales	(1,077,546)	(1,230,321)	(2,101,372)	(2,331,933)
Gross profit on sales	378,514	426,942	751,253	779,637
Other operating revenues	(3,607)	3,681	6,388	14,713
Selling cost, general and administrative expenses	(153,339)	(210,330)	(351,608)	(391,723)
Costs of distribution service	(128,487)	(133,935)	(244,279)	(259,924)
Costs of license	(1,734)	(1,813)	(3,251)	(3,908)
Other operating costs	(4,518)	(35,406)	(39,737)	(62,605)
Operating profit	86,829	49,139	118,766	76,190
Financial income	2,255	677	4,596	1,566
Dividends received	2,859	50,029	2,859	50,029
Exchange differences	2,797	1,156	(3,917)	1,352
Financial costs	(8,461)	(11,467)	(20,003)	(23,076)
Profit before tax	86,279	89,534	102,301	106,062
Income tax	(14,829)	(9,084)	(20,233)	(11,991)
Net profit	71,450	80,450	82,068	94,071
OTHER COMPREHENSIVE INCOME				
Total other comprehensive income, net	-	-	-	-
COMPREHENSIVE INCOME	71,450	80,450	82,068	94,071
Net profit	71,450	80,450	82,068	94,071
Weighted-average number of ordinary shares (in pieces)	14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	5.04	5.68	5.79	6.64
Weighted-average diluted number of ordinary shares (in pieces)	14,168,100	14,168,100	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	5.04	5.68	5.79	6.64

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2020
(in thousand PLN)

Separate statement of changes in equity

for the period from 01 January 2020 to 30 June 2020 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	Total equity
Shareholder's equity as at 1 January 2020	28,336	259,530	1,118 787	5,935	155,298	1,567,886
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	82,068	82,068
Total comprehensive income in the reporting period	-	-	-	-	82,068	82,068
Distribution of retained profits - carried over to supplementary capital	-	-	154,974	-	(154,974)	-
Distribution of prior period profit – dividend	-	-	-	-	-	-
Owner's equity as at 30 June 2020	28,336	259,530	1,273 761	5,935	82,392	1,649,954

for the period from 1 January 2019 to 31 December 2019

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	Total equity
Shareholder's equity as at 1 January 2019	28,336	259,530	900,217	5,935	228,952	1,422,970
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	154,975	154,975
Total comprehensive income	-	-	-	-	154,975	154,975
Transactions with shareholders						
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - carried over to supplementary capital	-	-	218,570	-	(218,570)	-
Owner's equity as at 31 December 2019	28,336	259,530	1,118 787	5,935	155,298	1,567,886

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2020
(in thousand PLN)

Separate statement of changes in equity (cont.)

for the period from 01 January 2019 to 30 June 2019 (not audited)

(in thousand PLN)

	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	Total equity
Shareholder's equity as at 1 January 2019	28,336	259,530	900,217	5,935	228,952	1,422,970
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	94,071	94,071
Total comprehensive income in the reporting period	-	-	-	-	94,071	94,071
Distribution of retained profits - carried over to supplementary capital	-	-	218,570	-	(218,570)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Owner's equity as at 30 June 2019	28,336	259,530	1,118,787	5,935	94,394	1,506,982

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

*(in thousand PLN)***Separate statement of cash flows**

<i>(in thousand PLN)</i>	1/01/2020 – 30/06/2020	1/01/2019– 30/06/2019
Cash flows from operating activities	<i>not audited</i>	<i>Not audited</i>
Profit (loss) before tax	102,301	106,062
Adjustments:		
Amortization and depreciation	18,789	29,151
Foreign exchange gains /losses	3,760	460
(Profit) /loss on the sale of property, plant and equipment	806	(1,831)
Net interest and share in profits	14,980	18,767
Net dividends	(2,859)	(50,029)
Other adjustments, net	(17)	(69)
Operating profit before changes in the working capital	137,760	102,511
Increase (decrease) in inventories	(161,032)	(80,433)
Change in receivables	52,857	(103,836)
Change in short-term liabilities	271,194	181,859
Cash generated by operating activities	300,779	100,101
Corporate income tax paid	(22,698)	(1,647)
Net cash from operating activities	278,081	98,454
Cash flow from investment activities		
Proceeds from the sale of plant, property, equipment and intangible assets	542	31,250
Purchase of property, plant, equipment and intangible assets	(4,915)	(15,261)
Sale of shares in subordinated entities	-	-
Purchase of financial assets in related and other entities	(1,991)	-
Repayment of loans granted	593	7,019
Loans granted	(4,300)	(98)
Interest received	530	802
Dividends received	572	419
Net cash from investing activities	(8,969)	24,131
Cash flow from financing activities		
(repayments) / proceeds from credits and leases	(26,680)	(13,457)
Payment of the reverse factoring	-	-
Deposits received (returned)	(50)	50
Loans and borrowings received / repaid	(162,110)	(82,696)
Interest paid	(15,510)	(19,993)
Net cash from financing activities	(204,350)	(116,096)
Net change in cash and cash equivalents	64,762	6,488
Cash and cash equivalents at the beginning of the period	17,967	24,283
Cash and cash equivalents at the end of the period	82,729	30,771

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

(in thousand PLN)

Explanatory notes to the interim condensed separate financial statements prepared for the period of 6 months ended on 30 June 2020.

1.1. Accounting principles

Declaration of compliance with IFRS

Interim condensed separate financial statements of Inter Cars S.A. (hereinafter referred to as "the condensed interim financial statements") were prepared for the period of 6 months ended on 30 June 2020.

These condensed separate interim consolidated financial statements were prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting" relating to interim financial statements and is not inclusive of all information required with respect to annual financial statements. These condensed separate interim financial statements should be read together with the audited separate financial statements prepared in accordance with the IFRS for the year ended on 31 December 2019. No changes to the accounting principles applied by the Company were made during the reporting period presented compared to the those described in the financial statements for the year ended on 31 December 2019.

The accounting principles applied by Inter Cars are the same as those applied by the Group, with the exception of interest in subsidiaries, valued at the historical costs minus revaluation write-downs.

The interim condensed separate financial statements of Inter Cars S.A. were approved for publication by the Management Board on 09 September 2020.

The interim condensed separate financial statements of Inter Cars S.A. were prepared under the assumption that the company shall continue as a going concern in the foreseeable future.

All values presented in the interim condensed financial statements were expressed in PLN, unless otherwise indicated.

1.2. Investments in subordinated entities

The following investments in subordinated entities took place in the first half of 2020:

	<u>2020</u>	<u>2019</u>
As at 1 January (gross)	425,978	426,145
Increase, including:	1,991	-
- increase in share capital in Inter Cars d o.o. Beograd Rakovica	846	-
- increase in share capital in Inter Cars Fleet Services Sp. z o.o.	995	-
- purchase of shares of JAG Sp. z o.o.	150	-
As at 30 June (gross):	427,969	426,145
- write-down on Inter Cars Ukraine	-	(7,000)
- impairment on Inter Cars Hungaria Kft.	(611)	(611)
- impairment on JC Auto s.r.o	-	(341)
As at 30 June (net)	427,358	418,193

1.3. Information on business segments

Inter Cars S.A. is only a spare parts distributor.

1.4. Seasonality

The demand for spare parts is seasonal. The peak season falls in the second and third quarters. The demand is lower at the beginning and the end of the year.

This is directly linked to the seasonal nature of some repairs for which the spare parts are required, and to the smaller number of repairs made by clients during winter.

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

*(in thousand PLN)***1.5. Dividend**

In the reporting period, no dividend was distributed by Inter Cars S.A.

Net profit generated in 2019 in the amount of PLN 154,974 thousand was transferred in full to supplementary capital.

1.6. Material evaluations and estimates

No material changes to the evaluations or estimates presented in the annual separate financial statements for 2019 were made during the reporting period.

1.7. Transactions with related entities in the condensed standalone financial statements

	Sales revenues		Purchase of goods and services	
	1/01/2020– 30/06/2020	1/01/2019 – 30/06/2019	1/01/2020 – 30/06/2020	1/01/2019 – 30/06/2019
Inter Cars Ukraine LLC	74,872	54,676	-	-
Q-Service Sp. z o.o.	3	391	99,316	126,416
Lauber Sp. z o.o.	4,156	3,604	40,434	19,562
Inter Cars Česká republika s.r.o.	85,658	78,568	1,668	1,646
Inter Cars Slovenská republika s.r.o.	95,800	83,889	1,669	899
Feber Sp. z o.o.	359	385	2,691	5,996
Inter Cars Lietuva UAB	91,478	105,548	1,440	4,055
IC Development & Finance Sp. z o.o.	7	10	211	299
Inter Cars Italia srl.	2,471	10,514	(11)	97
Inter Cars d.o.o.	49,370	48,401	3,149	1,760
JC Auto S.A.	73	-	-	4,194
Inter Cars Hungária Kft.	54,936	42,926	1,550	928
Inter Cars Romania s.r.l.	108,761	90,000	1,043	1,243
Armatus sp. z o.o.	2	2	181	446
Cleverlog-Autoteile GmbH	58,096	42,476	144	103
Inter Cars Latvija SIA	51,457	57,597	1,434	1,372
Inter Cars Bulgaria EOOD	51,585	41,866	1,941	642
Inter Cars Marketing Services Sp. z o.o.	225	89	17,870	14,650
ILS Sp. z o.o.	2,606	2,249	162,274	177,907
Q-Service Truck Sp. z o.o.	373	261	9,401	9,012
Inter Cars Malta Limited	33	27	166,093	199,149
INTER CARS INT d o.o. (Slovenia)	2,619	2,866	208	133
Inter Cars Piese Auto s.r.l.	3	100	-	-
Inter Cars Greece	4,601	1,941	83	6
Inter Cars Eesti OU	11,932	11,121	528	374
Inter Cars United Kingdom - automotive technology Ltd	7,427	3,575	-	-
Inter Cars d o.o. (Bosnia)	4	-	-	-
Inter Cars d o.o. (Serbia)	6	-	-	-
Inter Cars Fleet Services Sp. z o.o.	4,886	-	702	-
JAG Sp. z o.o.	950	-	6,632	-
	764,749	683,082	520,651	570,889

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

(in thousand PLN)

<i>Settlement</i>	Receivables as at	
	30/06/2020	31/12/2019
Inter Cars Ukraine LLC	71,415	64,095
Q-Service Sp. z o.o.	1	175
Lauber Sp. z o.o.	26,474	21,237
Inter Cars Česká republika s.r.o.	48,983	52,403
Inter Cars Slovenská republika s.r.o.	54,614	36,467
Feber Sp. z o.o.	144	20
Inter Cars Lietuva UAB	37,470	46,453
IC Development & Finance Sp. z o.o.	73	66
Inter Cars Italia srl.	(7,795)	520
Inter Cars d.o.o.	134,800	140,756
Inter Cars Hungária Kft.	49,923	46,695
Inter Cars Romania s.r.l.	248,257	293,387
Armatus sp. z o.o.	1	1
Cleverlog-Autoteile GmbH	2,151	2,700
Inter Cars Latvija SIA	39,272	46,698
Inter Cars Bulgaria EOOD	87,384	47,053
Inter Cars Marketing Services Sp. z o.o.	35	3
ILS Sp. z o.o.	1,450	3,262
Q-Service Truck Sp. z o.o.	145	73
Inter Cars Malta Holding Limited	-	19
Inter Cars Malta Limited	31	(6)
Inter Cars INT d.o.o. (Slovenia)	1,570	1,597
Inter Cars Eesti OÜ	3,665	2,359
Inter Cars Piese Auto s.r.l.	(87)	(83)
Inter Cars Greece	5,201	1,252
ILS Latvijas filialie	44	52
Intermeko Europe Sp. z o.o.	2	11
Inter Cars d o.o. (Bosnia)	180	168
Inter Cars d o.o. (Serbia)	6	-
Inter Cars Fleet Services Sp. z o.o.	5,968	-
JAG Sp. z o.o.	1,708	-
Inter Cars United Kingdom - AUTOMOTIVE TECHNOLOGY LTD.	1,730	3,291
Gross	814,815	810,724
Reserves for returns	(72,687)	(70,296)
Net	742,128	740,428

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

(in thousand PLN)

	Liabilities as at	
	30/06/2020	31/12/2019
Q-Service Sp. z o.o.	46,177	32,045
Lauber Sp. z o.o.	11,658	11,240
Inter Cars Česká republika s.r.o.	83	117
Inter Cars Slovenská republika s.r.o.	355	-
Feber Sp. z o.o.	8,623	5,311
Inter Cars Lietuva UAB	74	-
IC Development & Finance Sp. z o.o.	1,521	1,535
Inter Cars Italia srl.	777	752
Inter Cars d.o.o.	652	864
JC Auto S.A.	-	403
Inter Cars Hungária Kft.	631	18
Inter Cars Romania s.r.l.	439	65
Armatus sp. z o.o.	(301)	(250)
Inter Cars Latvija SIA	31	189
Inter Cars Bulgaria EOOD	449	-
Inter Cars Marketing Services Sp. z o.o.	109,823	93,121
ILS Sp. z o.o.	33,546	47,701
Q-Service Truck Sp. z o.o.	1,999	1,483
Inter Cars Malta Holding Limited	(20)	-
Inter Cars Malta Limited	129,434	107,392
Inter Cars INT d.o.o. (Slovenia)	428	236
Inter Cars Eesti OÜ	35	6
Inter Cars Greece	91	6
Inter Cars Cyprus Ltd	4	4
JAG Sp. z o.o.	621	-
Inter Cars Fleet Services Sp. z o.o.	863	-
Intermeko Europe Sp. z o.o.	-	41
Liabilities to subsidiaries	347,993	302,279
Settlements on loans and borrowings		
<i>Receivables from subsidiaries</i>	30/06/2020	31/12/2019
Lauber Sp. z o.o.	8,860	8,777
IC Development & Finance Sp. z o.o.	17,819	17,776
Inter Cars Bulgaria EOOD	1,010	965
Q-Service Truck sp z o.o.	2,559	502
Inter Cars Malta Limited	12,836	12,838
Inter Cars Greece	59	57
Inter Cars d o.o. Beograd Rakovica	911	857
Inter Cars Fleet Services Sp. Z o.o.	2,007	-
Gross receivables on loans	46,061	41,772
<i>Liabilities to subsidiaries</i>		
Inter Cars Marketing Services Sp. z o.o.	506	6,393
Inter Cars Cyprus Ltd.	89,163	84,247
	89,669	90,640
Receivables on dividend		
<i>Receivables from subsidiaries</i>	30/06/2020	30/06/2019
Inter Cars Česká republika s.r.o.	2,840	-
Q-Service Truck Sp z o.o.	-	1,259
Q-Service Sp. z o.o.	-	20,611
Feber Sp. z o.o.(advance payment)	(1,850)	6,220
Inter Cars Bulgaria EOOD	5,962	5,962
ILS Sp. z o.o.	-	15,559
Inter Cars INT d.o.o.	1,192	-
Gross receivables on dividend	8,144	49,611

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2020

*(in thousand PLN)***Guarantees and sureties granted by Inter Cars S.A. to related entities.**

Sureties and guarantees granted by Inter Cars S.A. as at 30 June 2020 amounted in total to: PLN 177,777 thousand

Changes in sureties and guaranties

Status as at 31 December 2019	<u>211,211</u>
Increase	14,909
Expired	(48,343)
Status as at 30 June 2020	<u><u>177,777</u></u>

In the first half of 2020, the Company did not grant any credit or loan sureties nor guarantees of a material value to any entity or a subsidiary of such entity.

Transactions with the members of the Supervisory Board and the Management Board and members of their families.

	<u>1.1.2020- 30.06.2020</u>	<u>1.1.2019- 30.06.2019</u>
<i>Transactions with related entities</i>		
Income on sales to related entities	110	1,108
Purchase of goods and services from related entities	242	9,708
	<u>30/06/2020</u>	<u>31/12/2019</u>
<i>Settlements with related entities</i>		
Receivables from related entities	50	1,517
Liabilities to related entities	8	253

Substantial decrease in the value of transactions with entities related to the members of the Supervisory Board and the Management Board and their family members result from acquisition of shares in JAG Sp. z o.o. on 9 June 2020.

Warsaw, 09 September 2020

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Piotr Zamora
Member of the
Management Board

Wojciech Twaróg
Member of the
Management Board

Julita Pałyska
Chief Accountant