INTER CARS GROUP

ANNUAL FINANCIAL STATEMENTS
2021

CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD FROM 1 JANUARY TO 31 December 2021

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Financial highlights

	for the period of 12 months ended on 31 December			
	2021	**2020**	**2021**	**2020**
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	30.64%	29.9%		
EBITDA	1,038,724	638,226	226,919	142,646
EBITDA as percentage of sales	8.48%	6.97%		
EBITDA (for 12 consecutive months)	1,038,724	638,226	226,919	142,646
Net debt / EBITDA	1.19	1.70		
Basic earnings per share (PLN)	49.38	23.53	10.79	5.26
Diluted earnings per share (PLN)	49.38	23.53	10.79	5.26
Sales revenues	12,242,047	9,159,166	2,674,396	2,047,107
Operating profit	908,713	507,076	198,517	113,333
Net profit	**699,580**	**333,320**	**152,830**	**74,498**
Cash flows				
Operating cash flows	33,778	444,399	7,379	99,325
Investing cash flows	(82,269)	(71,497)	(17,972)	(15,980)
Financing cash flows	55,352	(282,493)	12,092	(63,138)
Employment and branches				
Employees				
Parent company	770	666		
Subsidiaries	3,049	2,712		
Branches				
Parent company	240	240		
Subsidiaries	338	317		

	As at		**As at**	
	31/12/2021	**31/12/2020 transformed**	**31/12/2021**	**31/12/2020 transformed**
Consolidated statement of the financial situation	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Cash and cash equivalents	240,665	233,806	52,325	50,664
Balance sheet total	6,282 666	4,932 810	1 365,975	1,068,911
Loans, borrowings and finance lease	1,480,349	1,321,339	321,857	286,326
Equity attributable to the shareholders of the parent entity	3,089,684	2,395,496	671,758	519,090

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

The net debt / EBITDA is measured as the quotient of the net debt (constituting total credit, loan and financial lease liabilities minus cash and cash equivalents) to the EBITDA value. Sublease liabilities are not recognized as net debt due to their completely neutral impact.

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 31 December 2021 – EUR 1 = PLN 4.5994, and the National Bank of Poland exchange rate of 31 December 2020 – EUR 1 = PLN 4.6148
- 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 2021 and 2020, respectively: 1 EUR = PLN 4.5775 and 1 EUR = PLN 4.4742.

Information about INTER CARS S.A.

1. **Scope of activities**

   The principal activities of Inter Cars Spółka Akcyjna (hereinafter referred to as "Inter Cars" are import and distribution of spare parts for passenger cars and utility vehicles.

2. **The seat of the Parent Entity**

   ul Powsińska 64

   02-903 Warsaw

   Poland

   Central Warehouse:

   Europejskie Centrum Logistyczne (European Logistics Centre)

   Swobodnia 35

   05-170 Zakroczym

   The main area of Inter Cars S.A. activity is the territory of Poland.

3. **Contact and administrative details**

   Inter Cars S.A. Company, having its registered seat in Warsaw, at 64 Powsińska St., entered into the register of entrepreneurs of the National Court Register, kept by the District Court for the capital of Warsaw in Warsaw, XII Commercial Department of the National Court Register, under the following number:

   KRS 0000008734

   NIP 1181452946

   Regon 014992887

   phone (+48-22) 714 19 16

   fax. (+48-22) 714 19 18

   bzarzadu@intercars.eu

   relacje.inwestorskie@intercars.eu

   www.intercars.com.pl

   Both the name of the Company and its other identifying information have not changed since the end of the previous reporting period.

4. **Supervisory Board (as at the date of approval of the financial statements)**

   Andrzej Oliszewski, President

   Piotr Płoszajski

   Tomasz Rusak

   Jacek Klimczak

   Jacek Podgórski

   Radosław Kudła

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

   Maciej Oleksowicz, President

   Krzysztof Soszyński, Vice-President

   Wojciech Twaróg, Member of the Management Board

   Piotr Zamora, Member of the Management Board

6. **Statutory auditor**

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

7. Subsidiaries and associated entities of Inter Cars - entities included in consolidation as at 31 December 2021

As at 31 December 2021, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the parent entity, and 35 other entities, including:

- 33 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	
				31/12/2021	31/12/2020
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					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2021	31/12/2020
Inter Cars Ukraine	Khmelnitsky, 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%
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%

Subsidiaries (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2021	31/12/2020
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.	Cząstków Mazowiecki, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Swobodnia, municipality Za kroczym, 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%

Subsidiaries (cont.)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2021	31/12/2020
Inter Cars Fleet Services Sp. z o.o.	Warsaw Poland	Services for motor-vehicle fleets related to vehicle repairs	full	100%	100%
JAG Sp. z o.o.*	Warsaw, Poland	Distribution of spare parts for passenger cars and commercial vehicles	full	-	100%
OOO Inter Cars Automobilna Technika**	Mogilev, Belarus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Norge AS***	Oslo, Norway	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	-
CB Dystrybucja Sp. z o.o.****	Warsaw, Poland	Point of sale management	full	100%	-
Indirect subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2021	31/12/2020
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 Europe Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%

* The Company sold on 30 June 2021

** The Company does not carry out operating activities, not consolidated in 2021.

*** The Company acquired in August 2021, has not started operating activities yet, not consolidated in 2021.

**** The Company established in August 2021, started operating activities in 4Q2021

***** 99.98% shares held by subsidiary company Inter Cars Malta Holding Limited, Inter Cars Cyprus Limited holds 1 share

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

In August 2021, a company in Norway was acquired - Inter Cars Norge AS. having its registered seat in Oslo, which will distribute spare parts and accessories for cars, buses and motorcycles on Norwegian market.

Additionally, in August 2021 the company CB Dystrybucja Sp. z o.o., based in Warsaw, was established, whose main objective will be to optimise business processes in the Group.

In the reporting period there were no other changes in the structure of the entity, including business combinations, takeovers or sales entities of the Capital Group of the Company, long-term investments, division, restructuring or cessation of business activities.

8. Associated entities

As at 31 December 2021 the Company owned 50 % of shares in InterMeko Europe Sp. z o.o., a joint-venture company established in order to monitor the quality of goods using a laboratory.

9. Stock exchange listings

The shares of Inter Cars S.A. are listed on the Warsaw Stock Exchange in the continuous trading system.

10. Date of approval of the financial statements for publication

These annual consolidated financial statements were approved by the Management Board of Inter Cars S.A for publication on 27 April 2022.

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF THE FINANCIAL SITUATION

(in thousand PLN)	Note	31/12/2021	31/12/2020 transformed data	01/01/2020 transformed data
ASSETS				
Non-current assets				
Tangible fixed assets	6	473,236	489,542	502,479
Right-of-use assets	7	234,977	272,956	256,825
Investment property	9	2,973	3,133	10,837
Real estate available for sale	9	8,078	8,721	1,088
Intangible assets	8	191,787	193,675	197,559
Investments in associates	10	2,037	1,655	1,030
Investments available for sale	11	298	299	298
Receivables	14	25,210	23,106	21,630
Non-current receivables on long-term rental	22	228,500	207,320	188,634
Deferred tax assets	12	16,200	13,534	18,486
		1,183,296	**1,213,941**	**1,198,866**
Current assets				
Inventory	13	3,112 013	2,223,117	2,062,819
Trade and other receivables	14	1 669,278	1,193,705	1,131 340
Receivables on short-term rental	22	77,414	68,241	64,038
Cash and cash equivalents	15	240,665	233,806	143,397
		5,099,370	**3,718,869**	**3,401 594**
TOTAL ASSETS		**6,282 666**	**4,932,810**	**4,600 460**
LIABILITIES				
Share capital	16	28,336	28,336	28,336
Share premium account	16	259,530	259,530	259,530
Other supplementary capital		1,615,749	1,406 500	1,248,754
Foreign exchange gains /losses in subsidiaries		4,375	(10,352)	(25,841)
Retained earnings		1,181,694	711,482	535,908
Equity		**3,089,684**	**2,395,496**	**2,046,687**
Long-term liabilities				
Liabilities due to credits, loans	18	580,792	536,295	565,744
Finance lease liabilities	18	201,536	244,098	238,920
Non-current liabilities on long-term rental	22	228,500	207,320	188,634
Other long-term liabilities		7,832	7,131	8,160
Deferred income tax provision	12	57,272	15,438	21,067
		1,075,932	**1,010,282**	**1,022,525**
Short-term liabilities				
Trade and other liabilities	19	1,124,302	739,720	703,450
Trade and other liabilities - passed for factoring	19	110,076	73,908	52,290
Liabilities due to credits, loans	18	643,027	493,126	576,455
Finance lease liabilities	18	54,994	47,820	51,624
Liabilities on the short-term rental	22	77,414	68,241	64,038
Employee benefits	20	28,047	33,499	35,805
Income tax liabilities	21	79,190	70,718	47,586
		2,117 050	**1,527,032**	**1,531,248**
TOTAL LIABILITIES		**6,282 666**	**4,932,810**	**4,600 460**

ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand PLN)	**Note**	**for the period of 12 months ended on**	
		31/12/2021	**31/12/2020**
Revenues from the sale of products, goods and materials	23	12,242,047	9,159,166
Cost of sales	24	(8,490,779)	(6,416,323)
Gross profit on sales		**3,751,268**	**2,742,843**
Other operating revenue	26	49,570	46,727
Selling cost, general and administrative expenses	25	(1,570,999)	(1,239,496)
Costs of distribution service	25	(1,242,393)	(972,599)
Other operating expenses	27	(78,733)	(70,399)
Operating profit		**908,713**	**507,076**
Financial income	28	13,094	13,890
Foreign exchange gains/losses	28	3,419	(9,939)
Financial costs	28	(48,300)	(66,729)
Interest in associates		316	176
Profit before tax		**877,242**	**444,474**
Income tax	30	(177,662)	(111,154)
Net profit		**699,580**	**333,320**
Attributable to:			
shareholders of the parent company		**699,580**	**333,320**
OTHER COMPREHENSIVE INCOME			
Foreign exchange gains /losses		14,727	15,489
Total other comprehensive income, net		**14,727**	**15,489**
COMPREHENSIVE INCOME		**714,307**	**348,809**
Comprehensive income attributable to:			
- the shareholders of the parent entity		714,307	348,809
Earnings per share (PLN)			
- basic and diluted		49.38	23.53
Weighted average number of shares		14,168,100	14,168,100

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2021 to 31 December 2021

(in thousand PLN)	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses in subsidiaries	Retained earnings	**Total equity**
As at 1 January 2021	**28,336**	**259,530**	**1,406 500**	**(10,352)**	**711,482**	**2,395,496**
Profit in the reporting period	-	-	-	-	699,580	**699,580**
Other comprehensive income						
Foreign exchange gains /losses in subsidiaries	-	-	-	14,727	-	**14,727**
Total comprehensive income	**-**	**-**	**-**	***14,727***	**699,580**	**714,307**
Distribution of prior period profit – dividend	-	-	-	-	(20,119)	***(20,119)***
Distribution of retained profits - transfer to supplementary and reserve capital	-	-	209,249	-	(209,249)	**-**
As at 31 December 2021	**28,336**	**259,530**	**1,615,749**	**4,375**	**1,181,694**	**3,089,684**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)

for the period from 1 January 2020 to 31 December 2020

(in thousand PLN)	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses in subsidiaries	Retained earnings	**Total equity**
As at 1 January 2020	**28,336**	**259,530**	**1,248,754**	**(25,841)**	**535,908**	**2,046,687**
Profit in the reporting period	-	-	-	-	333,320	**333,320**
Other comprehensive income						
Foreign exchange gains /losses in subsidiaries	-	-	-	15,489	-	**15,489**
Total comprehensive income	***-***	***-***	***-***	***15,489***	***333,320***	***348,809***
Distribution of retained profits - transfer to supplementary and reserve capital	-	-	157,746	-	(157,746)	**-**
As at 31 December 2020	**28,336**	**259,530**	**1,406 500**	**(10,352)**	**711,482**	**2,395,496**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand PLN)	Note	01/01/2021 - 31/12/2021	01/01/2020- 31/12/2020 *transformed data*
Cash flows from operating activities			
Profit before tax		877,242	444,474
Adjustments:			
Amortization and depreciation		130,011	131,150
Foreign exchange gains /losses		(893)	3,496
(Profit / loss on investing activities		20,293	9,260
Net interest	29	37,521	42,137
Other adjustments, net	29	17,532	16,946
Operating profit before changes in the working capital		**1,081 706**	**647,463**
Increase (decrease) in inventories		(888,896)	(160,298)
Increase (decrease) in receivables	29	(510,338)	(89,268)
Change in short-term liabilities		481,329	135,184
Cash generated by operating activities		**163,801**	**533,081**
Corporate income tax paid	29	(130,022)	(88,682)
Net cash from operating activities		**33,779**	**444,399**
Cash flow from investment activities			
Proceeds from the sale of intangible assets, investment property, property, plant and equipment		375	329
Acquisition of intangible assets, investment property, and property, plant and equipment		(83,129)	(73,326)
Repayment of loans granted	29	3,670	3,247
Loans granted	29	(3,466)	(2,134)
Interest received	29	281	387
Net cash from investing activities		**(82,269)**	**(71,497)**
Cash flow from financing activities			
Repayment of credits and loans	29	(16,142)	(132,430)
Cash inflows on credits and loans	29	221,453	4,040
Financial lease contracts liabilities (IFRS 16)	29	(92,042)	(111,529)
Interest paid		(37,801)	(42,524)
Dividend paid		(20,119)	-
Other		-	(50)
Net cash from financing activities		**55,349**	**(282,493)**
Net change in cash and cash equivalents		**6,859**	**90,409**
Cash and cash equivalents at the beginning of the period		**233,806**	**143,397**
Cash and cash equivalents at the end of the period		**240,665**	**233,806**

Notes to the annual consolidated financial statements

1. Basis for the preparation of the annual consolidated financial statements

The consolidated annual financial statements (hereinafter referred to as the "financial statements") were prepared in accordance with the International Financial Reporting Standards, hereinafter referred to as "EU IFRS," approved by the European Union.

The UE IFRS include all International Accounting Standards, International Financial Reporting Standards and interpretations thereof, excluding the below-mentioned Standards and Interpretations currently awaiting EU's approval, as well as the Standards and Interpretations which have been approved by the EU but have not become effective.

The Group decided not to apply new Standards and Interpretations published and approved by the EU which will become effective following the reporting date. Furthermore, as at the reporting date the Group had not finished estimating the impact of the new Standards and Interpretations to become effective following the reporting date.

The financial statements were prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

2. Impact of changes in IFRS standards and interpretation on the Group's financial statements

2.1. Changes in IFRS and their interpretations

The information included in these consolidated 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 2020.

The other new or amended standards and interpretations applicable as of 2021 have no material bearing on the Group's financial statements.

A detailed description of the IFRS 16 standard and its impact on the particular items of the financial statements is provided in 3.2 Description of significant accounting principles applied g) Leases.

(in thousand PLN)

The following table analyses the debt for each of the presented periods.

	Loans and borrowings	Lease liabilities	Licence subscription liabilities	Total debt	Cash and cash equivalents	Net debt
Balance as at 01/01/2020	**(1,142,199)**	**(272,583)**	**(17,961)**	**(1,432,743)**	**143,397**	**(1,289,346)**
Cash flows	115,436	47,375	8,826	171,637	90,409	262,046
New leasing agreements	-	(64,633)	-	(64,633)	-	(64,633)
Leasing agreement termination	-	-	-	-	-	-
Interest paid	19,377	-	-	19,377	-	19,377
Interest accrued	(19,377)	-	-	(19,377)	-	(19,377)
Valuation	6,477	(2,077)	-	4,400	-	4,400
Balance as at 31/12/2020	**(1,020,286)**	**(291,918)**	**(9,135)**	**(1,321,339)**	**233,806**	**(1,087,533)**
Cash flows	(205,229)	59,693	9,135	(136,401)	6,859	(129,542)
New leasing agreements		(23,764)		(23,764)		(23,764)
Leasing agreement termination				-		-
Interest paid	16,943			16,943		16,943
Interest accrued	(16,943)			(16,943)		(16,943)
Valuation	894			894		894
Balance as at 31/12/2021	**(1,224,621)**	**(255,989)**	**-**	**(1,480,610)**	**240,665**	**(1,239,945)**

Short- and long-term lease liabilities are not included in the calculation of net debt.

Other changes having no material bearing on the Company's financial statements:

- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform*
  In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board has published the second part of the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, which are applicable from 1 January 2021. The amendments address accounting issues that will arise when IBOR-based financial instruments transform to the new interest rates. The amendments introduce a number of guidelines and exemptions, in particular practical simplification for contract modifications required by the reform, which will be recognised by updating the effective interest rate, an exemption from completing hedge accounting, a temporary exemption from the need to identify the risk component, and the obligation to include additional disclosures.

- *Amendment to IFRS 4: Adaptation of IFRS 9 "Financial instruments"*
  The amendment to IFRS 4 'Insurance Contracts' defers the application of IFRS 9 'Financial Instruments' until 1 January 2023 until IFRS 17 'Insurance Contracts' becomes effective.

- *Amendments to IFRS 16 "Lease"*
  In connection with the coronavirus pandemic (COVID-19), an amendment to IFRS 16 was introduced in 2020, which enabled the application of a simplification to assess whether changes to leases made during the pandemic constitute lease modifications. As a result, lessees may benefit from the simplification of not applying the IFRS 16 guidance on lease modifications As this amendment related to reductions in lease payments due on or before 30 June 2021, hence in March 2021 the Board extended the availability of the practical expedient for lease payment reductions to June 2022. The amendment is effective as of 1 April 2021 with early application permitted.

The Group has not decided to go ahead with an early application of any standard, interpretation or amendment that has been announced but has not become effective in view of the EU regulations

2.2. Changes in IFRS and their interpretations published and approved by the EU not yet effective

The Group intends to adopt the below-mentioned new IFRS and their interpretations published by the International Financial Reporting Standards Board, which had not become effective by the date of approval of these consolidated financial statements for publication as per their effective date.

- *Amendments to IAS 1 "Presentation of Financial Statements"*
  The Board published amendments to IAS 1, clarifying presentation of liabilities as current and non-current. Published amendment shall apply to reporting periods commencing as of 1 January 2023 or thereafter.
  As at the date of preparation of these financial consolidated statements, the amendment had not been approved by the European Union.

- *Amendments to IAS 16 "Property, Plant and Equipment"*
  The amendment prohibits an entity from adjusting the cost of property, plant and equipment for amounts received from the sale of items produced while the property, plant and equipment is being prepared to commence operation as intended by management. Instead, an entity will recognise the aforementioned sales proceeds and related costs directly in the income statement. Amendment shall apply to reporting periods commencing as of 1 January 2022 or thereafter.

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*
  The amendments to IAS 37 provide clarification on the costs that an entity considers when analysing whether a contract is an onerous contract. Amendment shall apply to reporting periods commencing as of 1 January 2022 or thereafter.

- *Annual amendments to IFRS 2018 - 2020*
  "Annual Improvements to IFRSs 2018-2020" introduces amendments to standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples to IFRS 16 "Leases".

The Improvements contain explanations and detail out the guidelines related to recognition and measurement.

- *Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on accounting policy disclosures in practice*
  The amendment to IAS 1 requires disclosure of relevant information about accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is relevant if, in its absence, recipients of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the Board's guidance on applying the concept of relevance in practice has also been amended to provide guidance on the application of the concept of relevance to accounting policy disclosures.
  As at the date of preparation of these financial consolidated statements, the amendments had not been approved by the European Union.

- Amendments to IAS 8 *"Accounting policies, changes in accounting estimates and errors"*
  In February 2021, the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of accounting estimates. The amendment to IAS 8 clarifies how entities should distinguish between changes in accounting policies and changes in accounting estimates.
  As at the date of preparation of these financial consolidated statements, the amendments had not been approved by the European Union.

- *Amendments to IAS 12 "Income Taxes"*
  The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and retirement obligations. Prior to the amendment to the standard, there was ambiguity as to whether the exemption for the recognition of deferred tax recognised for the first time applied to these types of transactions, i.e. where both deferred tax assets and liabilities are recognised. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.
  Amendment shall apply to reporting periods commencing as of 1 January 2023 or thereafter.
  As at the date of preparation of these financial consolidated statements, the amendments had not been approved by the European Union.
  The effective dates are those resulting from the content of the standards promulgated by the International Financial Reporting Council. The application dates of the standards in the European Union may differ from the application dates resulting from the content of the standards and are announced at the time of approval for application by the European Union.

  At the date of authorisation of these consolidated financial statements for issue, management does not expect the introduction of these other standards and interpretations to have a material impact on the accounting policies applied by the Group.

2.3. Standards and Interpretations adopted by the International Financial Reporting Standards Board (IASB), awaiting EU's approval

- IFRS 17 Insurance Contracts (applicable to annual periods commencing on 1 January 2021 or later),
- IFRS 14 "Regulatory deferral accounts"
- This standard allows entities that prepare their financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognise amounts arising from regulated price activities in accordance with their existing accounting policies. To improve comparability, with entities that already apply IFRS and do not recognise such amounts, under published IFRS 14, amounts arising from regulated price activities should be presented as a separate line item in both the statement of financial position and the income statement and statement of other comprehensive income. By the decision of European Union, the IFRS standard will not be approved.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following items:

- available-for-sale financial assets,
- investment property measured at fair value.

All amounts in the financial statements are shown in thousand PLN, unless stated otherwise.

2.5. Capital Group

The consolidated financial statements of the Inter Cars SA Capital Group ("The Group") include the statements of:

Name of entity	Consolidation method	% of the Group's share in the share capital	
		31/12/2021	31/12/2020
Inter Cars S.A.	full	Not applicable	Not applicable
Inter Cars Ukraine	full	100%	100%
Q-service Sp. z o.o.	full	100%	100%
Lauber Sp. z o.o.	full	100%	100%
Inter Cars Česká republika s.r.o.	full	100%	100%
Feber Sp. z o.o.	full	100%	100%
IC Development & Finance Sp. z o.o	full	100%	100%
Armatus sp. z o.o.	full	100%	100%
Inter Cars Slovenská republika s.r.o.	full	100%	100%
Inter Cars Lietuva UAB	full	100%	100%
JC Auto S.A.	full	100%	100%
Inter Cars Hungária Kft	full	100%	100%
Inter Cars Italia s.r.l (former JC Auto s.r.l.)	full	100%	100%
Inter Cars d.o.o.	full	100%	100%
Inter Cars Romania s.r.l.	full	100%	100%
Inter Cars Cyprus Limited	full	100%	100%
Inter Cars Latvija SIA	full	100%	100%
Cleverlog-Autoteile GmbH	full	100%	100%
Inter Cars Bulgaria Ltd.	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	full	100%	100%
ILS Sp. z o.o.	full	100%	100%
Inter Cars Malta Holding Limited	full	100%	100%
Inter Cars Malta Limited	full	100%	100%
Inter Cars Eesti OÜ	full	100%	100%
Inter Cars Piese Auto s.r.l.	full	100%	100%
Inter Cars GREECE	full	100%	100%
Q-service Truck Sp. z o.o.	full	100%	100%
Inter Cars INT d o.o.	full	100%	100%
Inter Cars d.o.o. (Bosnia and Herzegovina)	full	100%	100%
Aurelia Auto d o o	full	100%	100%
Inter Cars United Kingdom - automotive technology Ltd	full	100%	100%
Inter Cars d.o.o. Beograd-Rakovica	full	100%	100%
Inter Cars Fleet Services Sp. z o.o.	full	100%	100%
JAG Sp. z o.o.	full	-	100%
OOO Inter Cars Automobilna Technika*	full	100%	-
Inter Cars Norge AS*	full	100%	-
CB Dystrybucja Sp. z o.o.	full	100%	-
InterMeko Europe Sp. z o.o.	equity method	50%	50%

* The Company does not carry out operating activities, not consolidated in 2021.

JAG Sp. z o.o. was sold in June 2021.

The parent company is Inter Cars S.A. (”the Company / The parent entity”).

Presented accounting policies were used equally in all entities comprising the Capital Group. In 2020 there were no changes to the accounting policy, except for the new and amended standards described above. Consolidation is based in the full method. Associated company InterMeko Europe Sp. z o.o. was estimated with equity method.

2.6. Functional and presentation currency

(a) Presentation and functional currency

All amounts in the financial statements are shown in thousand PLN, unless stated otherwise. PLN is the functional currency of Inter Cars S.A.

Assets and liabilities of foreign-based entities, including goodwill and adjustments on fair value as at the purchase date, are translated according to the average National Bank of Poland exchange rate prevailing as at the end of the reporting period. Revenues and costs of foreign-based entities, including entities operating under hyperinflation, are translated according to the average National Bank of Poland exchange rate prevailing on the transaction date. Foreign exchange translation differences are recognised under other comprehensive income and disclosed as foreign exchange translation differences of foreign-based entities. However, if the Group does not hold all shares in a foreign-based entity, a proportional part of the translation differences is recognised under non-controlling interests. If control, significant impact or joint control over a foreign-based entity is lost, the accumulated value of translation differences is reclassified to profit or loss for the current period and recognised as a profit or loss on sales of such an entity. If the Group excludes only a part of its shares in a subsidiary having foreign-based subsidiaries, but controls the remaining interests, an appropriate part of the accumulated value is attached to the non-controlling interests. If the group excludes only a part of its investment in an affiliated entity having foreign-based subsidiaries, but has a material impact or jointly controls the remaining part, an appropriate part of the accumulated value is reclassified to profit or loss for the current period.

The financial result, assets and liabilities of entities using functional currencies other than the PLN is translated into PLN according to the following procedures:

- assets and liabilities of each disclosed balance-sheet are translated at the closing rate as at the reporting date,
- revenues and costs in each statement of comprehensive income are translated at average rates prevailing during a reporting period
- any translation differences are recognised as a separate item of equity

(b) Foreign currency transactions

Transactions presented in foreign currencies have been recognized according to the exchange rate announced at the transaction date. Foreign currency translation differences resulting from settling of these transactions and measuring of monetary assets and liabilities as at the reporting date according to the average National Bank of Poland exchange rate announced at that date, have been recognized as profit or loss, where foreign currency translation differences resulting from settlement of trade liabilities adjust the costs of sales, while the remaining foreign currency translation differences are presented in a separate position.

Non-cash balance sheet items denominated in foreign currency measured at fair value are translated as per the average exchange rate announced by the National Bank of Poland (or another bank in the case of another functional currency) at the date the fair value is measured. The non-cash items measured at historical cost in foreign currencies are translated by the Group using the exchange rate valid on the transaction date. The translation differences are recognized as profit or loss of the current period, except for differences resulting from settlement of capital instruments qualified as available for sale, financial liabilities to secure a share in the net assets of a foreign entity, which are effective, and qualified security of cash flows, recognized by the Group as other comprehensive income.

Foreign currency translation differences resulting from translation of transactions into PLN are recognized separately in the statement of comprehensive income, excluding foreign currency translation differences regarding the repayment of liabilities or payment of trade and other receivables, recognised as cost of sale.

3. Basis of accounting

3.1. Changes in the accounting policy

The main accounting principles applied in preparing these financial statements are presented below. These principles were applied continuously in all presented years with the exception of adopting the new and amended standards described below.

3.2. Changes in presentation

In the reporting period, the Group's Management changed the presentation of trade discounts due from suppliers remaining to be settled in a future period within the consolidated statement of financial position due to the incorrectly applied criteria for offsetting receivable and payable balances according to IAS 32 par. 42 . Before the change, all trade discounts due from suppliers remaining to be settled in a future period were presented in the consolidated statement of financial position under trade and other payables, as a reduction thereof. After the change, trade discounts due from suppliers for which the criteria of IAS 32 par. 42 to enable their offsetting against liabilities (i.e. there is no currently enforceable right to offset) are presented under trade and other receivables.

The impact of the change in presentation in the consolidated statement of financial position as at 31 December 2020 and in the consolidated statement of cash flows for the period ended 31 December 2020 is presented in the table below.

Consolidated statement of the financial situation

(in thousand PLN)	**31/12/2020** *before change*	*change*	**31/12/2020** *after change*
ASSETS			
Trade and other receivables	939,746	253,959	1,193 705
Current assets	**3,464,910**	**253,959**	**3,718,869**
TOTAL ASSETS	**4,678,851**	**253,959**	**4,932,810**
Short-term liabilities			
Trade and other liabilities	485,761	253,959	739,720
	1,273,073	**253,959**	**1,527,032**
TOTAL LIABILITIES	**4,678,851**	**253,959**	**4,932,810**

(in thousand PLN)	**01/01/2020** *before change*	*change*	**01/01/2020** *after change*
ASSETS			
Trade and other receivables	954,773	176,567	1,131 340
Current assets	**3,225 027**	**176,567**	**3,401 594**
TOTAL ASSETS	**4,423 893**	**176,567**	**4,600 460**
Short-term liabilities			
Trade and other liabilities	526,883	176,567	755,740
	1,354,681	**176,567**	**1,531,248**
TOTAL LIABILITIES	**4,423 893**	**176,567**	**4,600 460**

Consolidated statement of cash flows

(in thousand PLN)	**31/12/2020** *before change*	**31/12/2020** *change*	**31/12/2020** *after change*
Change in trade and other receivables	11,013	(77,392)	(66,379)
Change in trade and other liabilities	34,903	77,392	112,295
Cash from operating activities	**533,081**	**-**	**533,081**
Net cash from operating activities	**444,399**	**-**	**444,399**

The change in presentation had no impact on net profit for 2020 nor on basic and diluted earnings per share.

3.3. Principles of consolidation

(a) Subsidiary Companies

The subsidiaries are entities controlled by the Parent Company. Control is performed when the Parent Company has capacity to manage directly or indirectly the financial and operational policy of a given entity, in order to obtain the benefits arising from its activities. When evaluating the degree of control, the impact of the existing and of potential voting rights are taken into consideration, which, as the report date, may be fulfilled or may be subject to conversion.

The financial statements of subsidiaries are considered in the consolidated financial statement starting from the date of obtaining control over them up to the moment of their expiry.

b) Subsidiary entities

Investments in subsidiaries and jointly-controlled entities are measured using the equity method (investments measured by equity method), and are initially recognised at the purchase cost. The purchase cost of an investment includes transaction costs.

(c) Consolidation adjustments

The balances of internal settlements between entities of the Group, the transactions concluded within the Group as well as any unexecuted profits or losses resulting from there as well as the revenues and costs of the Group are eliminated during drawing up a consolidated financial statement. Unrealised gains on transactions with associated entities are eliminated from the consolidated financial statements pro rata to the Group's interest in such entities. The unexecuted losses are excluded from the consolidated financial statement on the same principle as the unexecuted profits, until the moment of occurrence of the premises indicating value loss.

3.4. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements:

a) Tangible fixed assets

Property, plant and equipment include Group's assets, investment in third-party fixed assets, fixed assets under construction and third-party fixed assets accepted for use by the Group (when pursuant to a contract the potential benefits and risk resulting from their possession are substantially transferred to the Group). The above mentioned constitute assets used for delivery of goods or services and for administrative purposes or for third-party lease, and the anticipated time of their use exceeds one year.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated.

The acquisition or production cost includes the costs incurred to purchase or manufacture property, plant and equipment, including capitalized interest until a property, plant or equipment asset is handed over for permanent use. The costs incurred at a later period are recognized in the balance sheet value, if the Group is likely to obtain economic benefits. The cost of current maintenance of property, plant and equipment are recognized as profit or loss.

Acquisition or production cost of an item of property, plant and equipment comprises purchase price, including import duties and non-refundable purchase taxes on the acquisition, after deducting trade discounts and rebates, any other costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as the costs of dismantling and removing the item, and restoring the site on which it is located, which the Group is obliged to incur.

Property, plant and equipment, except for tangible assets under construction and land, are subject to depreciation. Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives periodically reviewed by the Group. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale, it is derecognized, its residual value is higher than its carrying amount, or it is fully depreciated..

Items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives which are as follows:

Buildings and leasehold improvements	10 - 40 years
Plant and machinery	3 - 16 years
Vehicles	5 - 7 years
Other fixed assets	1 year - 5 years

b) Goodwill

Goodwill arising on acquisition of subsidiaries is measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Other purchase costs are presented in the balance sheet in the period in which they were born by the Company.
After the initial presentation, goodwill is measured according to the purchase price less any cumulated impairment losses. In the case of investments measured using the equity method, goodwill is recognized as the carrying value of investments, while an impairment loss on this investment is not allocated to any item of assets, including goodwill, which constitutes a part of the value of the investment. Purchase of non-controlling shares is recognized as transactions with shareholders, as a result of which goodwill is not recognized with this type of transactions. Adjustments on non-controlling shares are based on the proportional value of net assets of a related entity .

c) Intangible assets

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Group attributable directly to a given asset, are recognized as intangible assets. Intangible assets with definite useful lives are amortized over their useful lives, starting from the day when a given asset is available to be placed in service. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group of assets that is classified as held for sale) in accordance with IFRS 5 Non-Current Assets Available for Sale and Discontinued Operations, and the date that the asset is derecognized or when it is fully amortized. The amortisable amount of an intangible asset for amortization is determined after deducting its residual value.

Relations with vendors.

Relations with suppliers acquired through an acquisition or business combination are initially recognized at acquisition cost. The acquisition cost of relations with suppliers acquired through mergers is equal to their fair value as at the merger date.

Following initial recognition, relations with suppliers are measured at acquisition cost less amortization and impairment losses, if any. Relations with suppliers acquired as a result of the merger with JC Auto S.A. were depreciated over a period decided by the Board, accordingly to their estimated useful economic life.

Computer software

Software licenses are valued at acquisition cost plus the costs directly attributable to bringing them to the condition necessary for the asset to be capable of operating.

The costs related to maintaining software are recognized as the costs of the period in which they are incurred.

Costs related directly to the production of unique computer software for the Group, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortized over the useful life of a given asset, however no longer than for the term of the lease agreement.

d) Investment property

Investment property is property is held to earn rentals or for capital appreciation or both, rather than for: a) use in production or supply of goods or services or for administrative purposes; or b) sale in the ordinary course of business. Initially, investment property is valued at acquisition cost, including transaction costs. After initial recognition, it is measured at fair value, and any gain or loss arising from a change in the fair value is recognised in profit or loss for the period in which it arises.

Assets are transferred to investment property only when there is a change in their use and the criteria for recognition of property under investment property are met. The Company applies the principles described in the section “Property, Plant and Equipment” to such property until the day of change in its use. Any difference between the fair value of the property as at that date and its previous carrying amount is recognized under other comprehensive income.

Property is transferred from investment property only if there is a change in its use evidenced by: a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; b) commencement of development with a view to sale, for a transfer from investment property to inventories.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property’s deemed cost for subsequent accounting is its fair value at the date of change in use.

e) Financial instruments

1. Classification and measurement of financial assets

The Group has prepared a detailed analysis of its business models regarding the management of financial assets, as well as an analysis of characteristics of the cash flows resulting from the applicable contracts. In the course of analyses changes were made to the classification of the financial assets. The standard did not have a material bearing on measuring the particular categories of financial assets.

The Group has been recognizing financial assets in the following categories:

- measurement at amortized costs,
- measured at Fair Value through Profit or Loss,
- measured at Fair Value through other total income,

The classification relies on the financial assets management model adopted by the Group and on the contractual terms of cash flows. The group re-qualifies investments to debt instruments only when the model of managing these assets changes. Debt instruments are maintained for the purposes of contractual flows, which include solely payment of principal and interest (SPPI) are measured by the Group at amortized cost. The Company performs the SPPI test for loans granted by comparing the total of the principal and interest with the model instrument according to IFRS 9. The interest revenue is calculated by means of the effective interest rate method and shown in “interest revenue” in the financial result. Impairment write-downs are shown under the “financial assets impairment write downs.” The Company assesses credit losses related to debt instruments measured at amortized cost.

In 2021 and 2020 the Group did not use external instruments for trade receivables such as factoring. In the course of an analysis of the business model for trade receivables it was determined that all trade receivables are held to be paid - the Group has no plans to its trade receivables; they are all held until maturity date. The Group evaluates if the classification test according to IFSR 9, the so-called SPPI test, checking if the cash flows from receivables represent solely the principal and interest. If the test criteria are met, trade receivables are measured at amortized cost. As regards trade receivables, the Group applies a simplified approach provided for in the standard, and, consequently, measures a write-down on anticipated credit losses at an amount equal to the anticipated credit losses throughout an entire lifetime of a receivable. This approach results from the fact that the Group's receivables do not include any material financial elements within the meaning of IFRS 15. For the purposes of calculation of a write-down, the Group uses a provision matrix by means of which revaluation write downs are determined for receivables classified in different overdue ranges. This method provides for historical data related to credit losses and a potential impact of material and identifiable future factors (e.g. market or macroeconomic). The probability of non-payment of a receivable is estimated based on historical data regarding previously unpaid receivables. To assess the parameter of non-payment of receivable by a customer, the Group has created 8 ranges:

- Not overdue;
- Overdue from 1 to 30 days;
- Overdue from 31 to 60 days;
- Overdue from 61 to 90 days;
- Overdue from 91 to 180 days;
- Overdue from 181 to 270 days;
- Overdue from 271 to 360 days;
- Overdue over 360 days.

For each of the above ranges the Group estimates a non-payment parameter which takes into account historical non-payment of sales invoices by customers over a period of two years preceding the year for which financial statements are prepared. The value of the anticipated credit loss is calculated by multiplying the value of a receivable in a given range by a calculated non-payment parameter.

As regards trade receivables, the Group provides also for an individual possibility of determining the anticipated credit losses. This regards in particular: receivables from liquidated or bankrupt debtors, receivables questioned by debtors and of which they are in default, other overdue receivables, as well as non-overdue receivables, where the risk of them being irrecoverable is significant according to the individual assessment of the Management Board (especially where the anticipated legal and collection costs related to an overdue amount are equal to or higher than such amount). In the above situations a write-down on receivables can be created up to 100% of their value.

Currently the Group does not identify negative changes on the market that might result in a negative impact of future factors on the scale of financial losses. The macroeconomic factors (GDP, unemployment) do not justify application of further portfolio write-downs regarding the status of receivables as at the balance sheet date.

The Group applies a 3-level classification of financial assets in terms of their impairment, with the exception of trade receivables:

- Level 1 - balances for which there has not been a significant increase of credit risk since their initial recognition, and for which an anticipated loss is determined based on the probability of non-payment of a receivable within 12 months (i.e. the total anticipated credit loss multiplied by the probability that the loss will occur within the next 12 months);
- Level 2- balances for which there has been a significant increase of credit risk since their initial recognition but there are no objective grounds for impairments, and for which an anticipated loss is determined based on the probability of non-payment of a receivable within an entire contractual lifetime of an asset;
- Level 3- balances with objective grounds for impairment.

Financial assets are recognized, in part or in full, once the Group has done everything possible to collect its receivables and decided that their recovery cannot be reasonably expected. This usually takes place when an asset is more than 360 days overdue (in the case of unrelated parties) and recoverability of receivables is deemed unlikely. Following initial recognition, investments in capital instruments are measured at fair value. The Group has elected to present its profits and losses from changes in the fair value of capital instruments in the other comprehensive income. Therefore, the profits and losses from changes in the fair value are not subject to further reclassification to the financial result when the Company ceases to recognize investments. Dividends from such investments are recognized in the financial result upon obtaining by the Group the right to receive respective payments.

Impairment write-downs on capital investments measured at fair value in other comprehensive income are presented under “financial asset impairment write-downs.”

f) Financial liabilities other than derivatives

Debt instruments and subordinated debt are recognized as at their date. Any other financial liabilities, including liabilities measured at fair value are recognized as at the transaction date, on which the Group becomes a party to an agreement obliging it to issue a financial instrument.

Following their repayment, cancellation or expiration, financial liabilities are removed from the Group’s books.

Financial assets and liabilities are offset against each other and recognized in the financial statements as a net amount only if the Group is authorized to offset particular financial assets and liabilities or intends to settle a particular transaction in net amounts of offset financial assets and liabilities items or intends to utilize financial assets subject to offsetting, and settle the financial liabilities.

The Group recognizes financial liabilities other than derivatives as other financial liabilities. Such financial liabilities are initially recognized at fair value plus directly related transactional costs. Following the initial recognition, such liabilities are valued at amortized cost using the effective interest rate method.

g) Impairment of assets

Financial assets

An impairment loss on a financial asset is recognised if there is objective evidence that there occurred one or more events which may have an adverse impact on future cash flows related to a given financial asset.

The amount of an impairment loss on a financial asset carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of the future cash flows, discounted using the original effective interest rate.

As at each reporting date, it is assessed whether objective evidence of impairment exists for financial assets that are deemed material individually. Other financial assets are divided into groups with similar credit risk and assessed for impairment collectively.

Impairment losses are recognised in current period profit or loss.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date.

An impairment loss on financial assets available for sale is recognised by relocation to profit or loss of the current period of an accumulated loss recognised in the valuation capital to fair value. The value of the accumulated loss mentioned above is calculated as a difference between the purchase price, minus depreciation and repayment of capital instalments, and the fair value minus impairment losses previously recognised as profit or loss of the current period. Changes to impairment losses related to the application of the effective interest rate method are recognised as interest revenue.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date. Impairment losses related to investments in equity instruments classified as available for sale are not reversed through profit or loss. If the fair value of debt instruments classified as available for sale increases and the increase can be objectively attributed to an event occurring after the impairment recognition date, the previously recognised impairment loss is reversed with the reversal amount disclosed under other comprehensive income.

Non-Financial Assets

The carrying amount of non-financial assets other than investment property, inventories and deferred tax asset is tested for impairment at each reporting date. If the Group has a reason to suspect that a given asset's value has been impaired, it estimates its recoverable amount. The recoverable amount of goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet ready for use is established at each reporting date.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit is higher than its recoverable amount. A cash-generating unit is the smallest identifiable group of assets which generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. Impairment losses are recognised in current period profit or loss. Impairment of a cash-generating unit is initially recognised as a decrease in goodwill allocated to that cash-generating unit (a group of cash-generating units), and subsequently as a decrease in the carrying amount of the other assets belonging to that cash- generating unit (a group of cash-generating units) on a pro-rata basis.

The recoverable amount of assets or cash-generating units is the higher of their net realisable value and their value in use. Value in use is calculated by discounting estimated future cash flows with a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of assets which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

Impairment losses on goodwill are not reversible. As far as other assets are concerned at each reporting date impairment losses recognised in prior periods are reviewed to determine if there is any evidence that they no longer exist or have decreased. An impairment loss recognised in prior periods is reversed if the estimates used to determine the asset's recoverable amount have changed. An impairment loss is reversed only up to the carrying amount of the asset (net of amortisation and depreciation) that would have been disclosed had no impairment loss been recognized.

h) Lease

According to the requirements, as of 1 January 2019, for the first time the Group applied IFRS 16 Leases. IFRS replaces the existing lease guidelines, including IAS 17 Leases. IFRS 16 introduces a single, balance-sheet-based model of recording and measuring leases. IFRS 16 introduced a single, balance-sheet-based model of recording and measuring leases. A lessor recognizes an asset representing the right of use of a specific asset and a lease obligation corresponding to the obligation of payment of lease fees.

The IFRS 16 sets forth the requirement to control a particular asset indicated in an arrangement directly or implicitly. An assignment of a right to use an asset takes place when an identified asset with respect to which the lessee is entitled to practically all economic benefits and controls the use of such assets over a given period.

A lessor recognizes lease interest costs and the depreciation of right-of-use assets separately.

IFRS 16 provides for exceptions from the general lease model related to short-term lease contracts (i.e. shorter than 12 months) and lease of low-value assets (e.g. laptops).

The Group has decided to apply the above exemptions provided for by the standard and recognized the fees on a straight-line basis in the profit or loss for the current period.

The standard does not introduce significant changes to the requirements related to lessors. A lessor should continue classifying lease contracts as a financial or operating lease.

The Group as a Lessee

For leases classified as operating leases in conformity with IFRS 17, the Group has recognised the lease liabilities measured at the current value of the remaining lease payments, discounting by means of the marginal interest rate as at the date of initial application. The Group has measured the right-of-use asset for particular lease contracts (separately for each contract) in a value equal to a lease liability adjusted by previously recognized prepaid or accrued lease fees.

The assets recognized as right-of-use assets include office spaces and premises leased for the purposes of some branches.

As of 1 January 2019, the value of right-of-use assets and the value of lease liabilities are equal, and the implementation of the standard did not affect the equities.

The impact of implementation of IFRS 16 on the balance sheet total results from recognizing a right-of-use asset in correspondence with a lease liability. In the statement of comprehensive income it will cause a decrease in the operating costs (other than accumulated depreciation) and an increase in the accumulated depreciation and financial costs (interest).

It should, however, be pointed out that currently the operating lease fees are settled using the straight line method according to IFRS 17, whereas as a result of changes resulting from the adoption of IFRS 16 it is expected that although the lease assets will also be settled using the straight line method by means of amortization write downs, the costs of the interest on liabilities will be settled using the effective interest rate method, resulting in a decrease in the costs during the initial periods following entering into a contract, as well as their decrease over time.

The Group as a Lessor

Premises, cars and other devices of which the Group is a lessor and which it leases out to its agents running branches are treated as a sublease. These lease liabilities equal the respective lease receivables.

Determining the lease period: contracts for an indefinite period of time

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 taking into consideration, among other things:

- potential costs related to a termination of a lease contract, including costs of entering into a new lease contract, such as the costs of its negotiation, costs of relocation, costs of identification of another base asset corresponding with the lessee’s needs, costs on integrating a new asset into the Group's operations or costs of penalties for termination as well as similar costs, including costs related to returning a base asset in a condition or to a location specified in a contract, or

- existing business plans and other contracts justifying using a leased object over a given period.

Determination of the lessee's marginal interest rate

Due to the fact that the Group has no information on the interest rate for lease contracts, to measure lease liabilities it applies a marginal interest rate that it would have to pay in order to be able to borrow funds in a given currency for a similar period and with a similar security to purchase an asset of a value similar to that of a right-of-use asset in a similar economic environment.

i) Inventory

Inventories are recognised at the lower of their acquisition (production) cost or net realisable value. The cost of inventories includes all costs of acquisition and processing as well as all other costs incurred in order to bring inventories to condition available for sale.

The acquisition or production cost is determined using the FIFO method, which assumes that sales are made from the oldest available goods.

The amounts of discounts and rebates as well as other payments depending on the purchase volume reduce the purchase price regardless of the date on which they are actually granted, provided that their receipt is probable.

Net realisable value is recognised in the amount of the estimated selling price that could be obtained in the ordinary course of business, less any estimated cost of finishing the inventories and costs to sell.

The value of inventories is reduced by impairment losses recognised when the net realisable price (price less discounts, rebates and selling costs) is lower than the relevant acquisition (production) cost, determined separately for each line of inventories.

The Group receives discounts on the value of purchased goods, the amount of which depends on the annual turnover with a given supplier (including participation in a purchasing group). The Group makes the current calculation of the value of the mark-up by individually referring for each contracting party the value of the received turnover bonuses to the turnover realised in the period and the inventory held from a given contracting party. The discounts calculated this way are distributed proportionally to the value of goods sold and to the value of inventory. The value of discounts, rebates and other volume-dependent payments (except marketing, warranty and claim discounts) is recognised as a reduction in the purchase price irrespective of the date of their actual receipt..

j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks, as well as term deposits and short-term securities maturing within three months.

k) Equity

In the Group's financial statements, the equity comprises:

1. Share capital disclosed in the amount specified in the Company's Articles of Association and entered into the court register,
2. Share issue capital disclosed as a separate item under equity. Costs of share issue are charged against equity.
3. The reserve fund created pursuant to the Code of Commercial Companies,
4. The remaining reserve funds created based on the valuation of management options,
5. Retained profit, comprising retained profit from prior years and the profit or loss from the current financial period.
6. Foreign exchange gains / losses – capital from recalculation of entities operating abroad.
7. Non-controlling interest – value of assets attributable for non-controlling shareholders.

l) Loans and borrowings

Loans and borrowings are initially recognised at acquisition cost, equal to their respective fair value, the determination of which includes cost of contracting a loan as well as discounts and bonuses received at the time of the liabilities settlement

In subsequent periods, loans and borrowings are measured at amortised cost using the effective interest rate.

m) Trade payables and trade payables submitted for factoring

Trade payables represent obligations to pay for goods and services purchased in the ordinary course of business from suppliers. Trade payables are classified as current payables if the payment term is within one year (or in the ordinary course of business if longer). Otherwise, the payables are shown as non-current.

Liabilities other than financial liabilities measured at fair value through profit or loss are measured at adjusted cost at the balance sheet date. In case of short-term liabilities, this valuation corresponds to the amount payable. Liabilities, the settlement of which according to the contract takes place by issuing financial assets other than cash or by exchange for financial instruments, are valued at fair value.

Trade payables for goods are reduced by the value of trade bonuses due from suppliers up to the amount of the liability to each supplier in detail, unless the trade contract stipulates settlement by means of offsetting.

The payables to suppliers presented in the Group's Statement of Financial Position also include trade payables transferred for debt factoring, which fall into the category "trade". When a payable is transferred to debt factoring, the Group recognises a payable to a factor who, as a result of the statutory subrogation of the receivable, legally assumes the rights and obligations characteristic of trade receivables. Debt factoring is not directly regulated by IFRS and, due to its ambiguous nature, it was necessary for the Group to make a significant judgement regarding the presentation of balances placed under factoring in the statement of financial position and the presentation of the transaction in the statement of cash flows. In the Group's opinion, the following aspects were key in determining the aforementioned presentation of the balance of trade payables submitted for debt factoring as "Trade payables" together with other trade payables and not as debt payables:

- from legal point of view, when debt factoring is subrogated, the rights and obligations arising from the liabilities are transferred and not extinguished and new rights and obligations towards the factor are established,

- no additional guarantees are established in connection with the debt factoring and there is no change in the commercial terms relating to breach and cancellation of the agreement,

- the purpose of the programme is not only to improve the Group's liquidity but also to support the suppliers in obtaining more favourable financing in order to build long-term business relationships,

- the agreed payment terms as well as the payment pattern (including interest and discount) do not change with respect to trade payables to a given supplier that are not covered by debt factoring. Therefore, as well as taking into account the agreed interest and discount rate and the term of the extended repayment, the cash flows associated with the liability submitted for debt factoring will not change by more than 10%
the costs associated with the debt factoring are borne exclusively by the suppliers. Suppliers bear the cost of discounting in connection with earlier (i.e. before the expiry of the basic term of 60 days as a standard) receipt of payment from the factor,

- the final terms of the factoring are negotiated between the suppliers and the bank, and Inter Cars is not a party to these agreements,

- the factor is the bank and at the moment of subrogation by the factor the creditor changes,

- the suppliers decide whether they want to present their receivables for early redemption and the factor has the right not to accept a given invoice for early financing,

- Inter Cars does not have information about which supplier and which of its invoices were financed earlier by the factor,

- the term of actual repayment of the supplier's debts covered by the factoring is longer (and is up to 180 days) than the term of repayment of the other suppliers whose debts are not factored (and is 60 days).

n) Provisions

A provision is recognised when a group has a present obligation (whether legal or constructive) resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

o) Revenue

The Group applies IFRS 15 Revenue from Contracts with Customers to all contracts with customers, except for leases within the scope of IFRS 16 Leases, financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.
The fundamental principle of IFRS 15 is to recognise revenue when goods and services are transferred to the customer, at a value that reflects the price expected by the Group in exchange for the transfer of those goods and services. These principles are applied using a five-step model:

- identification of the contract with the customer,
- identification of the performance obligation under the contract with the customer,
- identification of the transaction price,
- allocation of the transaction price to the individual performance obligations,
- recognition of revenue when the performance obligation under the contract is met.

Identification of a contract with a customer
The Group recognises a contract with a customer only when all of the following criteria are met:
- the parties to the contract have entered into an agreement (whether in writing, orally or in accordance with other customary commercial practices) and are obliged to perform their obligations;
- The Group is able to identify the rights of each party concerning the goods or services to be transferred;
- The Group is able to identify the terms of payment for the goods or services to be transferred;
- the contract has economic substance (i.e. the risk, timing or amount of the Group's future cash flows can be expected to change as a result of the contract); and
- it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.
In assessing whether it is probable that an amount of consideration will be received, the Group considers only the customer's ability and intention to pay the amount of consideration in a timely manner. The amount of consideration to which the Group will be entitled may be less than the contract price if the consideration is variable because the Group may offer the customer a price concession.

Identification of performance obligations
At the conclusion of the contract, the Group evaluates the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer a good or service (or bundle of goods or services) that is separable or a group of separate goods or services that are substantially the same and for which the transfer to the customer is of the same nature.
The good or service promised to the customer is distinct if both of the following conditions are met:
- the customer can benefit from the good or service either directly or through a link to other resources that are readily available to the customer, and
- the Group's obligation to transfer the good or service to the customer can be identified as separate from other obligations in the contract.

Determination of the transaction price
In determining the transaction price, the Group takes into account the terms of the contract and its customary business practices. The transaction price is the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, certain sales taxes).
Allocation of the transaction price to performance obligations
The Group attributes a transaction price to each performance obligation (or separate good or separate service) in an amount that reflects the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer.

Fulfilment of performance obligations
The Group recognises revenue when it has fulfilled (or is in the process of fulfilling) its performance obligation by transferring the promised goods or services to the customer.
In respect of contracts for continuing services under which the Group has the right to receive remuneration from the customer in an amount that corresponds directly to the value to the

customer of the service provided to date, the Group recognises revenue in the amount that it is entitled to invoice.

The Group is not obliged to accept returns of goods and products sold. When an asset is transferred to a customer (when the customer obtains control over the asset). The Group does not expect returns of goods and products sold . The Group does not enter into agreements with customers containing variable amounts of remuneration (revenue) resulting from discounts, rebates or performance bonuses granted and does not grant customers the option to obtain additional goods or services free of charge or at a reduced price in the form of allowances or loyalty points.

Principal's remuneration vs. agent's remuneration

Based on its analysis of sales contracts, the Group has identified its role as principal in sales transactions in all areas of activity on the basis of the following:

- it exercises control over the promised goods or services prior to their transfer to the customer,
- it is obliged to deliver a performance consisting in supplying goods or services to the customer,
- the consideration is the gross amount receivable in exchange for the goods or services provided.

Sales revenue is recognised when the Group fulfils (or is in the process of fulfilling) its performance obligation by transferring the promised goods or services to the customer, where the transfer is gaining control of the asset.

Receivables

Under receivables, the Group recognises rights to remuneration in exchange for goods or services that it has provided to the customer, if the right is unconditional (the only condition for the remuneration to be due is the passage of a specified period of time).

Contractual obligations

Under contractual obligations, the Group recognises remuneration received or receivable from a customer that involves an obligation to provide goods or services to the customer.

Guarantees

All goods offered by the Group, regardless of the distribution channel, are covered by either a warranty or guarantee. As the Group does not use additional agreements or arrangements in the scope of guarantees, and the guarantee granted results from the necessity for the Group to ensure that the goods comply with their specification, the liabilities on this account were and are recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

There is no material financing element in the Group's customer

p) Operating expenses

Operating expenses are disclosed in the period to which they relate, in the amount of a probable reduction of the group’s economic benefits which can be measured reliably.

The costs charged to the Group by its affiliate branches as compensation for the sale of goods for resale performed on behalf of the Group are recognised in the period to which they relate.

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. External entities (branch entities) employ workers and cover current costs of functioning from revenue, which is share in generated margin on sales of goods. Settlement of share in margin is made in monthly periods. The Company provides organizational and logistic knowledge, capital, vendors of parts, full product range and its availability, trade mark. Branch entity contributes the knowledge of local market and experienced employees to Inter Cars. Risk of activities of a given entity (branch) is borne by the entrepreneur that, by running own business, optimizes the resources that remain at their disposal.

Expense on the lease of office and warehouse space is recognised in profit or loss in the period to which it relates.

Re-invoiced amounts reduce the respective cost item s of the Group.

q) Financial costs

Finance expenses include primarily interest payable on borrowings, dividend on preference shares classified as liabilities, foreign exchange losses, losses resulting from changes in the fair value of financial instruments at fair value through profit or loss, and financial assets impairment as well as gains or losses related to hedging instruments which are recognised in profit or loss. All interest payable is measured using the effective interest rate.

(in thousand PLN)

r) Income tax

Income tax covers the current and the deferred part. The calculation of current income tax is based on the profit of a given period determined according to the valid tax regulations. The total income tax charge is the aggregate of its current portion and deferred portion, determined with the balance-sheet method; the deferred income tax is recognised in connection with temporary differences between the values of assets and liabilities as disclosed in the accounting books and their respective values determined for tax purposes.

Deferred tax is recognised in connection with temporary differences between the carrying value of assets and liabilities, and their value determined for tax purposes. Deferred tax is not recognised in the following cases:
temporary differences resulting from initial recognition of assets or liabilities related to a transaction other than a merger, which does not affect the profit or loss of the current period nor the taxable income;
temporary differences resulting room investments in subsidiaries in the period when it is unlikely that they will be sold in a foreseeable future;
temporary differences resulting from initial recognition of goodwill.
Deferred income tax is determined with the use of the tax rates, which, according to forecasts, will be applied when the temporary differences will reverse. The tax regulations legally or actually binding up to the reporting date will apply.
Deferred tax asset and deferred tax liability are offset if the Company holds an exercisable right to offset corporate income tax receivable and payable and if the deferred tax asset and deferred tax liability refer to the corporate income tax levied on the same taxpayer by the same tax authority.

s) Valuation of shares in affiliated entities

Shares in affiliated entities are valued according to the equity method.

4. Operating segments

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In addition, the companies Feber, Lauber, IC Development & Finance, Q-Service Truck, Inter Cars Marketing Services, ILS and Inter Cars Fleet Services Sp. z o.o. are active in other insignificant business segments, such as the manufacture of semi-trailers, remanufacturing of spare parts, real estate development, running repair garages, marketing activities and logistics and management of fleet of motor vehicles in the area of vehicle repairs. This segment is presented as other sales.
The Inter Cars Capital Group applies uniform accounting principles to all segments. Transactions between particular segments are carried out at arm’s length.

5. Supplementary information

For information on key products and services and the geographical breakdown of sales, see Note 23.
The vast majority of the Group’s non-current assets are situated in Poland. Information on fixed assets corresponding to the geographical breakdown is presented in the chart below:

	31/12/2021	**31/12/2020**
Fixed assets on the territory of Poland	946,459	806,980
Fixed assets outside the territory of Poland	236,837	406,961
Total fixed assets	**1,183 296**	**1,213,941**

The Group does not have key customers due to the nature of its operations. For more information see Note 13.

(in thousand PLN)

Operating segments (cont.)

	Sale of spare parts		Other		Eliminations		Total	
	01/01/2021 - 31/12/2021	**01/01/2020 - 31/12/2020**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Revenues from external customers	11,987 752	9,031,261	254,295	127,905	-	-	12,242 047	9,159,166
Revenues between segments	4,077	8,019	634,015	520,373	(638,092)	(528,392)	-	-
Interest revenue	*14,951*	17,184	*11*	14	(2,731)	(4,125)	12,231	13,073
Interest costs	*(40,660)*	(60,316)	*(542)*	(578)	2,695	3,989	(38,507)	(56,905)
Amortization and depreciation	*(103,667)*	(103,945)	*(37,774)*	(38,635)	11,430	11,430	(130,011)	(131,150)
Profit before tax	**899,564**	**461,874**	**43,716**	**29,215**	**(66,038)**	**(46,615)**	**877,242**	**444,474**
Shares in results of affiliates – using equity method	-	-	-	-	-	-	-	-
Total assets	**8,652,336**	**6,518,825**	**576,450**	**515,095**	**(2,946,120)**	**(2,355,069)**	**6,282 666**	**4,678,851**
Capital expenditure (for purchasing tangible assets, intangible assets and investment property)	(83,129)	(73,326)	-	-	-	-	(83,129)	(73,326)
Total liabilities	**5,054,584**	**3,667,216**	**170,927**	**138,748**	**(2,032,528)**	**(1,522,609)**	**3,192 983**	**2,283,355**

(in thousand PLN)

6. Tangible fixed assets

	31/12/2021	31/12/2020
Land	43,301	43,280
Buildings and structures	192,104	192,542
Real estate available for sale	8,078	1,088
Plant and machinery	131,193	134,994
Vehicles	29,692	26,992
Other tangible assets	75,297	85,635
Tangible assets under construction	1,649	6,099
Right-of-use assets	234,977	272,956
Total property, plant and equipment	**716,291**	**763,586**

Property, plant and equipment under finance lease agreements

The carrying amount of property, plant and equipment used under finance lease agreements is shown below:

- 31 December 2021 – PLN 13,279 thousand,
- 31 December 2020 – PLN 9,794 thousand.

Assets used under finance lease agreements include computer hardware and vehicles, used by the Group in its operating activities.

The Group’s right to dispose of any item of property, plant and equipment held by the Group, except for those used under finance lease agreements, is not restricted in any way.

Borrowing costs

The borrowing costs charged to property, plant and equipment for the reporting year amount to PLN 0.

(in thousand PLN)

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Real estate available for sale	Plant and machinery	Vehicles	Other tangible assets	Tangible assets under construction	Total
Gross value as at 01/01/2020	**39,374**	**203,813**	**1,088**	**297,780**	**67,551**	**238,882**	**53,647**	**902,135**
Increase	**5,460**	**44,592**	**7,633**	**17,676**	**11,861**	**29,093**	**(47,541)**	**61,141**
Acquisition	5,460	4,012	-	7,482	10,518	27,956	4,232	**59,660**
Transfer	-	40,580	-	10,194	-	1,137	(51,773)	**138**
Transfer from investment property	-	-	7,633	-	-	-	-	**7,633**
Lease	-	-	-	-	1,343	-	-	**1,343**
Decrease	**(894)**	**(1,445)**	**-**	**(10,392)**	**(8,039)**	**(12,061)**	**(7)**	**(32,839)**
Sale	(894)	(238)	-	(2,371)	(6,576)	(802)	-	**(10,881)**
Liquidation	-	(1,058)	-	(8,476)	(2,226)	(12,065)	-	**(23,825)**
Foreign exchange gains /losses in subsidiaries	-	(149)	-	455	763	806	(7)	**1,868**
Gross value as at 31/12/2020	**43,940**	**246,960**	**8,721**	**305,064**	**71,373**	**255,914**	**6,099**	**938,071**
Increase	**77**	**7,529**	**-**	**19,653**	**17,659**	**16,332**	**(16)**	**61,339**
Acquisition	77	1,271	-	19,652	14,838	16,293	6,586	**58,717**
Transfer	-	6,362	-	1	(133)	39	(6,602)	**(332)**
Lease	-	-	-	-	2,954	-	-	**2,954**
Decrease	**(36)**	**(91)**	**(643)**	**(29,895)**	**(8,291)**	**(2,570)**	**(4,435)**	**(46,041)**
Sale	-	(120)	-	(3,915)	(7,129)	(1,729)	(4,437)	**(17,330)**
Liquidation	-	(15)	-	(26,350)	(1,303)	(750)	-	**(28,418)**
Revaluation	-	-	(643)	-	-	-	-	**(643)**
Foreign exchange gains /losses in subsidiaries	(36)	(38)	-	370	141	(92)	2	**347**
Gross value as at 31/12/2021	**43,981**	**254,420**	**8,078**	**294,822**	**80,741**	**269,676**	**1,649**	**953,367**

(in thousand PLN)

AMORTISATION AND IMPAIRMENT LOSSES

	Land	Buildings	Real estate available for sale	Plant and machinery	Vehicles	Other tangible assets	Tangible assets under construction	Total
Accumulated depreciation as at 01/01/2020	**640**	**47,407**	**-**	**158,193**	**38,579**	**153,749**	**-**	**398,568**
Amortization and depreciation	20	7,758	-	19,211	11,490	29,111	-	**67,590**
Sale	-	(40)	-	(2,064)	(4,169)	(877)	-	**(7,150)**
Liquidation	-	(707)	-	(5,270)	(1,519)	(11,704)	-	**(19,200)**
Transfer	-	-	-	-	-	-	-	**-**
Accumulated depreciation as at 31/12/2020	**660**	**54,418**	**-**	**170,070**	**44,381**	**170,279**	**-**	**439,808**
Amortization and depreciation	20	7,910	-	22,395	11,981	25,530	-	**67,836**
Sale	-	(1)	-	(3,900)	(5,252)	(704)	-	**(9,857)**
Liquidation	-	(11)	-	(24,936)	(61)	(726)	-	**(23,734)**
Transfer	-	-	-	-	-	-	-	**-**
Accumulated depreciation as at 31/12/2021	**680**	**62,316**	**-**	**163,629**	**51,049**	**194,379**	**-**	**472,053**

As at 01 January 2020	**38,734**	**156,406**	**1,088**	**139,587**	**28,972**	**85,133**	**53,647**	**503,567**
As at 31 December 2020	**43,280**	**192,542**	**8,721**	**134,994**	**26,992**	**85,635**	**6,099**	**498,263**
As at 01 January 2021	**43,280**	**192,542**	**8,721**	**134,994**	**26,992**	**85,635**	**6,099**	**498,263**
As at 31 December 2021	**43,301**	**192,104**	**8,078**	**131,193**	**29,692**	**75,297**	**1,649**	**481,314**

(in thousand PLN)

7. Right-of-use assets

The right-of-use assets comprise mainly contracts of lease of storage and office spaces used for conducting the Group's core activity, as well as cars, forklifts, racks, and warehouse scanners. As of 31 December 2021, the value of right-of-use assets amounted to PLN 234,977 thousand.

	Points of Sale floor space	vehicles	Office space and other	Other	Total
GROSS VALUE OF BENEFICIAL INTEREST					
Value as at 01 January 2020	**259,583**	**3,081**	**32,635**	**3,490**	**298,789**
Increases	28,368	810	41,015	663	70,856
Value as at 31 December 2020	**287,951**	**3,891**	**73,650**	**4,153**	**369,645**
Increases	6,187	733	11,867	4,977	23,764
Decreases	3,958	539	9,028	202	13,727
Value as at 31 December 2021	**290,180**	**4,085**	**76,489**	**8,928**	**379,682**
AMORTISATION AND IMPAIRMENT LOSSES					
Amortization as at 01 January 2020	**35,485**	**410**	**5,604**	**464**	**41,963**
Increases	36,906	507	16,771	542	**54,726**
Amortization as at 31 December 2020	**72,391**	**917**	**22,375**	**1,006**	**96,689**
Increases	28,677	469	17,846	1,025	**48,017**
Amortization as at 31 December 2021	**101,068**	**1,386**	**40,221**	**2,031**	**144,706**
NET VALUE					
As at 01 January 2020	**224,098**	**2,671**	**27,031**	**3,026**	**256,826**
As at 31 December 2020	**215,560**	**2,974**	**51,275**	**3,147**	**272,956**
As at 31 December 2021	**189,112**	**2,699**	**36,268**	**6,897**	**234,977**

(in thousand PLN)

8. Intangible assets

	31/12/2021	31/12/2020
Goodwill, including:	124,130	126,634
- goodwill from merger with JC Auto S.A.	*124,130*	*124,130*
- other	-	*2,504*
Computer software	19,195	15,866
Other intangible assets, including:	34,540	31,335
- other	*34,540*	*31,335*
Intangible assets under construction	13,922	19,840
	191,787	**193,675**

Impairment test

The Group's cash generating units were tested for impairment connected with goodwill of JC Auto S.A. Company (segment: automotive spare parts). The recoverable amount was based on an estimation of value in use. No impairment was identified based on the test.

The value in use is the estimated present value of future cash flows generated by the Group. The material assumption made for the purposes of estimating the recoverable value are presented below:

- Projections of cash flows used to estimate the value in use estimated for the whole segment of spare parts.
- The data used for the estimates for 2022 was prepared based on the approved budget and provides for a 2.2% decrease of EBITDA, whereas the data for 2023-2026 prepared based on the financial forecasts of the Inter Cars Group provide for an annual increase of EBITDA of approx. 6.0% to 7.3%.
- Cash flows for remaining years were estimated based on a real growth rate of 1.2%,
- The discount rate used to calculate the value in use was 9.4% and was estimated based on the weighted average cost of capital (WACC)
- The surplus of the recoverable value over the book value of the tested assets amounted to PLN 6,688,422 thousand.

  The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations.

Intangible assets under lease agreements

As at 31 December 2021 the Group had no intangible assets used on the basis of finance lease agreements

None of the intangible assets held by the Group is subject to limited right of use.

Borrowing costs

The borrowing costs charged to intangible values for the reporting year amount to PLN 0.

(in thousand PLN)

	Goodwill	Computer software	Other intangible assets	Intangible assets under construction	Total
GROSS VALUE OF INTANGIBLE ASSETS					
Gross value as at 01/01/2020	**124,130**	**97,825**	**81,062**	**13,527**	**316,544**
Acquisition	2,504	872	1,499	8,791	13,666
Transfer from investments	-	2,478	-	(2,478)	-
Liquidation	-	(6,791)	-	-	(6,791)
Gross value as at 31/12/2020	**126,634**	**94,384**	**82,561**	**19,840**	**323,419**
Acquisition	-	6,813	923	16,676	24,412
Transfer from investments	-	2,971	8,574	(11,545)	-
Liquidation	(2,504)	(2,332)	-	(11,049)	(15,885)
Gross value as at 31/12/2021	**124,130**	**101,836**	**92,058**	**13,922**	**331,946**
AMORTISATION AND IMPAIRMENT LOSSES OF INTANGIBLE ASSETS					
Accumulated depreciation as at 01/01/2020	**-**	**74,246**	**44,740**	**-**	**118,986**
Amortisation for period	-	9,192	6,456	-	15,648
Foreign exchange gains /losses	-	12	31	-	43
Other	-	(4,932)	-	-	(4,932)
Accumulated depreciation as at 31/12/2020	**-**	**78,518**	**51,227**	**-**	**129,745**
Amortisation for period	-	6,524	6,308	-	12,832
Foreign exchange gains /losses	-	(92)	(16)	-	(108)
Liquidation	-	(2,308)	-	-	(2,308)
Accumulated depreciation as at 31/12/2021	**-**	**82,641**	**57,518**	**-**	**140,159**
Net value					
As at 01/01/2020	**124,130**	**23,579**	**36,323**	**13,527**	**197,559**
As at 31 December 2020	**126,634**	**15,866**	**31,335**	**19,840**	**193,675**
As at 01/01/2021	**126,634**	**15,866**	**31,335**	**19,840**	**193,675**
As at 31 December 2021	**124,130**	**19,195**	**34,540**	**13,922**	**191,787**

9. Investment property and available-for-sale

Investment property	**2021**	**2020**
As at 1 January	3,133	10,837
Change in value measured at fair value	(160)	(71)
Sale of real property	-	-
Transfer to real estate available for sale	-	(7,633)
As at 31 December	**2,973**	**3,133**

The Group contracted valuation to the fair value of the real estate in Lublin, Szczecin and in the Masuria region. The valuation was carried out by an independent expert, with recognized professional qualifications, as well as being the holder of experience in valuations of investment real estate. When determining goodwill of the real property the comparative method was applied (goodwill – level 3).

The Group’s title to the above property is not restricted. The real estate are purchased lands for investment (construction of branches or lease).

Real estate available for sale

During the year 2019 there was a change in the classification of land in Redzików to real estate available for sale. The real estate is intended for sale. The property comprises land owned by Lauber and was put up for sale in 2018.

In 2020, the property in Szczecin was reclassified to real estate available for sale. The property comprises land developed with a warehouse building with office space located in Szczecin. It is owned by IC DEVELOPMENT & FINANCE Sp. z o.o. In 2021, as a result of revaluation to fair value, an amount of PLN 642 thousand was recognised as costs in the statement of comprehensive income. The amount was disclosed in other operating expenses. The above mentioned property was sold in March 2022.

The Group's title to the above mentioned properties is not restricted.

10. Investments in associates

	2021	2020
As at 1 January	**1,655**	**1,030**
Increase, including:	**382**	**625**
- share in results of InterMeko	*316*	*175*
- acquisition of shares in Inter Cars Automobilna Technika	*-*	*450*
- acquisition of shares in Inter Cars Norge AS	*26*	*-*
- acquisition of shares in Partslife kft	*40*	*-*
Decrease, including:	**1**	**-**
- sale of shares of Partslife International Polska Sp. z o.o.	*1*	*-*
As at 31 December	**2,037**	**1,655**

Shares in associated entity – as at 31 December 2021

Name and legal form of associate	*InterMeko Europe sp. z o.o.* (non-quoted company)
Registered seat	Warsaw
Value of purchased shares (in thousand PLN)	566
Percentage of share capital/ total vote held	50%
Associate's assets	3,132*
Liabilities	199*
Revenue	3,689*
Net result	631*

* not audited

11. Investments available for sale

	2021	2020
As at 1 January	**299**	**298**
Decrease		
Sale of shares in Partslife International Polska Sp. z o.o.	1	-
Increase		
Acquisition of shares in Partslife International Polska Sp. z o.o.	-	1
As at 31 December	**298**	**299**

Investments available for sale are shares in other entities, i.e. ATR and Partslife GmbH, which are nor a subject of sales on any market. The Group holds 3.44% of shares in ATR and 1% in Partslife.

12. Deferred tax

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were recognized for the following assets and liabilities:

(in thousand PLN)

As at 31 December 2021	**Assets**	**Liabilities**
Intangible assets	1,193	17,149
Tangible fixed assets	3,568	9,965
Investment property	1,033	-
Inventory	55,243	13,383
Trade and other receivables	15,052	1,924
Finance lease liabilities	405	-
Trade and other payables	28,657	103,802
Deferred tax assets/liabilities	**105,151**	**146,223**
Deferred tax offset against liabilities	(88,951)	(88,951)
Deferred tax liabilities as disclosed in the balance sheet	**16,200**	**57,272**

As at 31 December 2020	**Assets**	**Liabilities**
Intangible assets	1,193	1,378
Tangible fixed assets	3,569	10,622
Investment property	880	-
Inventory	35,697	15,570
Trade and other receivables	21,228	1,999
Finance lease liabilities	376	-
Trade and other payables	29,979	65,257
Deferred tax assets/liabilities	**92,922**	**94,826**
Deferred tax offset against liabilities	(79,388)	(79,388)
Deferred tax liabilities as disclosed in the balance sheet	**13,534**	**15,438**

Assets compensation and deferred income tax provision in parent company and subsidiaries.

Deferred tax presented in the periods was recognized in relation to all balance sheet positions, which constitute temporary differences, except for the temporary difference between taxable and balance sheet value of trademarks reported in related entity Inter Cars Marketing Services Sp. z o.o Unrecognised deferred tax asset amounted to PLN 11,203 thousand and PLN 19,091 thousand as of 31 December 2020. Aforementioned deferred tax assets were not recognized because of uncertainty of possibility of realization of related economic benefits. Moreover, an income tax asset resulting from potential tax benefits from the operation of the subsidiary ILS sp. z o.o. in the special economic zone in Zakroczym was not recognized as at 31.12.2021. The asset of PLN 90 m was created as a result of an investment by the company entitled to a tax relief. Because of uncertainty of estimated future pecuniary advantages, the Group did not decide to make an asset for this tax allowance. Terms of execution of the tax allowance were described in the Permission number 152/2014 of 25 June 2016 issued for the Company, for running business activities in the Warmian-Mazurian Special Economic Zone. The Company is entitled to deduct the taxes on income by maximum amount of 50% of qualified spendings. Possibility of execution becomes void as at 31 December 2026 and the Company can only use the take advantage only after qualified investment spendings have been born in the amount of at least PLN 155 million till 31 December 2018, and current employment has been increased by at least 200 positions, and the level is kept on this level till at least 31 December 2023.

Shall any of above-mentioned conditions not be kept, the Company shall be obliged to return any tax allowance it has realized, but in the opinion of the Board, as at the reporting date such risk does not exist.

Change in deferred tax assets	**2021**	**2020**
As at beginning of period	92,922	84,152
Increase	12,230	8,770
As at end of period	**105,152**	**92,922**

(in thousand PLN)

Change in deferred tax liabilities	**2021**	**2020**
As at beginning of period	94,826	86,733
committed in the reporting period	51,397	8,093
As at end of period	**146,223**	**94,826**

	31/12/2020	**Effect on net profit**	**31/12/2021**
Deferred tax assets	92,922	12,230	105,152
Deferred tax liabilities	(94,826)	(51,397)	(146,223)
	(1,904)	**(39,167)**	**(41,071)**

13. Inventory

	31/12/2021	**31/12/2020**
Materials	48,586	40,197
Half-products and work in progress	6,020	3,833
Finished goods	3,777	6,291
Merchandise	3,053,630	2,172,796
	3,112 013	**2,223,117**
Merchandise	3,064 245	2,183 361
Write-offs	(10,615)	(10,565)
	3,053,630	**2,172 796**

The Group receives discounts from suppliers. To the extent such discounts relate to goods for resale purchased and sold in a given period, they reduce the value of goods for resale sold. The balance of such discounts is charged to inventories.

Inventories in the form of goods for resale kept at the Central Warehouse, regional distribution centres and affiliate branches are covered by fire and all-risk insurance, as well as by insurance against burglary with theft and robbery.

Inventories with a value of PLN 2,284 million have been pledged as collateral to secure the repayment of bank loan (details – see note 18).

Change in impairment losses on inventories

	2021	**2020**
As at beginning of period	(10,564)	(14,857)
(increase) / decrease	(51)	4,293
As at end of period	**(10,615)**	**(10,564)**

14. Trade and other receivables

	31/12/2021	**31/12/2020** transformed	**31/12/2020**
Trade receivables	1,102 355	844,343	844,383
Receivables from suppliers	407,661	253,958	-
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	89,361	54,922	54,922
Other receivables and accrued expenses	90,352	68,230	68,230
Loans granted	3,490	3,132	3,132
Short term trade and other receivables – gross	**1,693 219**	**1,224 625**	**970,667**

(in thousand PLN)

As at 31 December 2021, taxes, subsidies, customs duty, social security, health insurance and other benefits receivable included mainly receivables for intra-Community delivery of goods in the amount of PLN 89,361 thousand.

Change in impairment loss on trade receivables	**2021**	**2020** transformed	**2020**
Status as at the beginning of the period	(30,920)	(27,480)	(27,480)
Increase	(1,938)	(6,774)	(6,774)
Used	8,917	3,334	3,334
Status as at the end of the period	**(23,941)**	**(30,920)**	**(30,920)**
Short-term trade and other receivables – net	**1,669 278**	**1,193 705**	**939,746**

The Group limits its credit risk by transferring a part of its responsibility for collecting trade and other receivables to affiliates who received distribution fee.

Maturity structure of non-current trade receivables and other receivables	**31/12/2021**	**31/12/2020** transformed	**31/12/2020**
Up to 12 months	1,693 219	1,224 626	970,667
	1,693 219	**1,224 626**	**970,667**

Maturity structure of receivables	**31/12/2021**		**31/12/2020**		
	Gross	**Write-offs**	**Gross** transformed	**Gross**	**Write-offs**
Up to 180 days	1,650,022	1,056	1,159,482	905,523	1,696
- matured	*178,560*	1,056	*210,093*	*210,093*	*1,696*
- unmatured	*1,471 462*	-	*949,389*	*695,430*	-
From 181 to 270 days	2,456	791	3,357	3,357	2,470
From 271 to 360 days	2,524	(56)	8,857	8,857	5,362
Over 1 year	38,217	22,150	52,930	52,930	21,392
Total	**1,693 219**	**23,941**	**1,224,626**	**970,667**	**30,920**

Currency structure of non-current trade and other receivables (gross)	**31/12/2021**	**31/12/2020** transformed	**31/12/2020**
Local currency	709,492	558,301	508,590
Foreign currencies	983,727	666,325	462,077
	1,693 219	**1,224,626**	**970,667**
Receivables in EUR	697,169	380,314	177,756
Receivables in other currencies	286,558	286,011	284,321
	983,727	**666,325**	**462,077**

Loans granted	**31/12/2021**	**31/12/2020**
Current loans	3,492	3,132
Non-current loans and borrowings	6,057	6,374
	9,549	**9,506**

(in thousand PLN)

Non-current receivables	**31/12/2021**	**31/12/2020**
Non-current loans and borrowings	6,057	6,374
Security deposits	17,125	15,008
Other	2,028	1,724
	25,210	**23,106**

The concentration of credit risk related to trade receivables is limited given that the Group's customer base is large and widely dispersed, mainly in Poland.

Credit and currency risks are discussed in Note 35.

Non-current receivables include security deposits under lease agreements paid by the Group, as well as non-current loans.

The loans bear an interest of: 1M WIBOR or EURIBOR 3M (in the case of EUR-denominated loans), plus a margin of 1% to 5%.

The loans are not secured.

15. Cash and cash equivalents

	31/12/2021	**31/12/2020**
Cash in hand	28,096	8,576
Cash at bank	171,974	203,777
On VAT split payment bank accounts	18,186	3,621
Cash in transit	21,971	17,753
Cash on accounts of the Company's Social Benefits Fund	438	79
Cash	**240,665**	**233,806**

Cash	**31/12/2021**	**31/12/2020**
In local currency	45,126	45,545
In foreign currencies	195,539	188,261
	240,665	**233,806**

With the exception of cash on accounts of the Group's Social Benefits Fund and VAT Split payment, the Group does not hold any restricted cash.

In accordance with Polish law, Companies administer the Company's Social Benefits Funds on behalf of its employees. Contributions to the Company's Social Benefits Funds are deposited in a separate account.

The credit risk concentration with respect to cash is limited as the Group deposits cash in reputable financial institutions with mainly highest, medium-high and medium rating levels. The level of cash concentration as at 31 December 2021 taking into account the credit rating of financial institutions is as follows:

Rating AAA to AA- (highest) - 7%
Rating A+ to A- (medium-high) - 26%
Rating BBB+ to BBB (medium) - 26%
Cash at other financial institutions - 23%
Cash in hand, cash in transit and other cash - 18%.

16. Share capital and share premium account

As at 31 December 2021, the share capital of parent entity - Inter Cars S.A. was composed of 14,168,100 Series A to F ordinary bearer shares with par value PLN 2 per share; there are no restrictions on any rights conferred by the shares. All shares have been admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission and introduced to trading on the Warsaw Stock Exchange. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

(in thousand PLN)

	Number of shares	Date of admission to trading	Right to dividend (since)	Par value (in PLN)	Issue price (PLN)	Share premium (in PLN)
Series A	200,000	14/05/2004	1999	400,000	2.00	-
Series B	7,695,600	14/05/2004	1999	15,391,200	2.00	-
Series C	104,400	14/05/2004	1999	208,800	2.00	-
Series D	2,153,850	14/05/2004	2001	4,307,700	6.85	10,448,676
Series E	1,667,250	14/05/2004	2002	3,334,500	8.58	10,966,504
Series G	1,875,000	14/03/2008	2007	3,750,000	122.00	225,000,000
Series F1	10,001	06/08/2007	2008	20,002	33.59	315,932
Series F2	30,000	25/06/2008	2008	60,000	37.13	1,053 900
Series F1	147,332	06/08/2007	2009	294,664	33.59	4,654 218
Series F2	127,333	25/06/2008	2009	254,666	37.13	4,473 208
Series F3	157,334	21/12/2009	2009	314,668	18.64	2,618 038
	14,168,100			**28,336 200**		**259,530 476**

17. Net profit per share

Basic profit per share

Net profit per share calculated based on net profit for the period in the amount of PLN 699,580 thousand (2020: PLN 333,320 thousand) and the weighted average number of shares – 14,168 thousand (2020: PLN 14,168 thousand): presented below:

Weighted average number of shares	**2021**	**2020**
Shares issued as at 1 January	14,168,100	14,168,100
Weighted average number of shares during the year	**14,168,100**	**14,168,100**

Basic profit per share	**2021**	**2020**
Net profit for period	699,580	333,320
Weighted average number of shares	14,168,100	14,168,100
Net earnings per 1 share (in PLN)	49.38	23.53

Diluted earnings per share

In 2021 and 2020 there were no open motivating programs not other instruments in the Group, which might have diluting influence. Therefore, the diluted profit per share equals the basic profit per share.

18. Loan, borrowing and finance lease liabilities

This Note contains information on the Group's liabilities under loans, borrowings and other debt instruments valued at amortised cost. For information on the Group's exposure to currency, interest rate and liquidity risks, see Note 35.

The syndicated credit facility agreement

On 4th November 2021, an annex was signed to the term and revolving facility contracts of 14 November 2016.

Under the annex, the date of repayment of the revolving credit was extended to 12 November 2022 and the maximum total amount was increased by PLN 121,686,000 and is now PLN 1,000,373,500. At the same time, the date of repayment of the term loan was extended to 14 November 2024 and the maximum total loan amount was increased by PLN 78,314,000 and is now PLN 643,814,000.00.

In addition, pursuant to the annex, DNB Bank Polska S.A. resigned from its function as the lender and ceased to be a party to the Credit Agreement, and Santander Bank Polska S.A. joined the Credit Agreement as the lender.

(in thousand PLN)

The rate of interest of the credits is variable and shall depend, for each interest rate period, on WIBOR interest reference rate, plus agreed on the basis of the New Credit Facility Agreement (at arm's length) margins of the creditors.

The syndicated credit facility agreement is available for the Inter Cars Group daughter companies: Inter Cars S.A., Lauber Sp. z o.o., Inter Cars Česká republika s.r.o., Inter Cars Slovenská republika s.r.o., Inter Cars Lietuva UAB, Inter Cars d.o.o., Inter Cars Romania s.r.l., Inter Cars Marketing Services Sp. z o.o., ILS Sp. z o.o., Q-service Truck Sp. z o.o.

In accordance with IFRS 9, the Company performed an analysis of the present value of the new cash flows resulting from the annex concluded during the reporting period. The test concluded that the present value of the new cash flows. did not change by more than 10% compared to the present value of the cash flows of the original liability. Thus, the criterion for ceasing to recognise existing liabilities was not met. The Company made the choice to carry out only a quantitative test, without extending it to an analysis taking into account qualitative factors.

Bank credits concluded directly by subsidiary companies:

Inter Cars Česká republika s.r.o. holds a credit agreement with Raiffeisenbank a.s. for the credit line worth CZK 150 million, to be used either in CZK or in EUR, repayable by 28 February 2022. In February 2022 an annex extending the maturity date was signed, till 30 April 2022.

Inter Cars Romania s.r.l. has a credit line facility with RON 70m limit in Bank ING Bank N.V. repayable by 11 November 2022.

Inter Cars INT d.o.o. has a credit agreement with Bank SKB BANKA with EUR 3 million, repayable by 08 December 2022.

Inter Cars Bulgaria EAD has a credit agreement with Bank Raiffeisenbank EAD with EUR 10 million, repayable by 30 October 2022.

Inter Cars d o.o. Bosnia and Herzegovina concluded a credit agreement with Bank Intesa Sanpaolo Banka d.d. for the amount of BAM 4 million, repayable by 15 April 2024.

Non-current	**31/12/2021**	**31/12/2020**
Secured bank loans	573,872	535,595
Licence subscription liabilities	-	5,151
Finance lease liabilities	436,956	446,968
	1,010 828	**987,714**

Current	**31/12/2021**	**31/12/2020**
Secured bank loans	650,488	484,690
Licence subscription liabilities	-	12,441
Finance lease liabilities	124,947	112,056
	775,435	**609,187**

Loans and borrowings as at 31/12/2021

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	**1,000,374**	**530,521**	12/11/2022
Inter Cars S.A.		495,106	
Inter Cars Slovenska Republika s.r.o.		25,715	
Lauber Sp. z.o.o.		9,700	
ING Bank N.V. (Inter Cars Romania s.r.l.)	**65,051**	**46,592**	11/11/2022
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	**28,398**	**23,346**	30/04/2022
SKB Banka (ICSI - Inter Cars INT D o.o.)	**13,798**	**9,659**	08/12/2022
Raiffeisenbank (Bulgaria) EAD (Inter Cars Bulgaria Ltd)	**45,994**	**42,263**	30/10/2022
	1,153,615	**652,381**	

(in thousand PLN)

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	643,814	565,500	14/11/2024
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	9,466	9,384	15/04/2024
	653,280	**574,884**	

Loans and borrowings as at 31/12/2020

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	**878,688**	**413,884**	12/11/2021
Inter Cars S.A.		376,274	
Inter Cars Slovenska Republika s.r.o.		28,276	
Lauber Sp. z.o.o.		9,334	
ING Bank N.V. (Inter Cars Romania s.r.l.)	**66,353**	**61,474**	11/11/2021
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	**26,295**	**7,585**	28/02/2021
SKB Banka (ICSI - Inter Cars INT D o.o.)	**9,230**	**2,769**	30/09/2021
Raiffeisenbank (Bulgaria) EAD (Inter Cars Bulgaria Ltd)	**46,148**	**-**	30/10/2022
	1,026,714	**485,712**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	565,500	537,000	14/11/2022
	565,500	**537,000**	

As at balance sheet date of 31 December 2021, total liabilities under loans and borrowings amounted to PLN 1,227,264 thousand of which PLN 992,124 thousand is denominated in PLN and PLN 179,165 thousand is denominated in EUR, whereas PLN 46,592 thousand applies to credit denominated in RON, and PLN 9,384 thousand applies to credit denominated in BAM.

Material terms of the syndicated credit facility

A consortium credit was granted by the following banks (along with the use as at 31 December 2021):

	Use in nominal value	**Share in the amount drawn**
CaixaBank S.A.	150,997	12.30%
Bank Pekao S.A.	330,189	26.90%
Bank Handlowy S.A.	121,982	9.94%
Santander	70,362	5.73%
Bank BGŻ BNP Paibas S.A.	107,662	8.77%
mBank S.A.	172,740	14.08%
ING Bank Śląski S.A.	116,373	9.48%
Citibank Europe PLC Slovakia	25,715	2.10%
ING Bank N.V. (Inter Cars Romania s.r.l.)	46,592	3.80%
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	23,346	1.90%
SKB Banka (ICSI - Inter Cars INT D o.o.)	9,659	0.79%
Raiffeisenbank (Bulgaria) EAD (Inter Cars Bulgaria Ltd)	42,263	3.44%
Intesa Sanpaolo Banka d.d. (Inter Cars d o.o. Bosnia and Herzegovina)	9,384	0.76%
	1,227,264	**100%**

(in thousand PLN)

The credit facility is secured with:

- mortgage on land property, which belong to Inter Cars S.A. worth PLN 48,112 thousand, according to an estimate dated 27 February 2018.
- registered pledge over inventories;
- registered pledge and financial pledge over shares in share capital of ILS;
- registered pledge and financial pledge over shares in share capital of ICMS;
- registered pledge over bank accounts,
- authorization to Company's accounts in Poland,
- transfer of receivables of the Company from Insurance contracts,
- declaration on unsolicited execution,

Information on collateral for the syndicated credit facility was published by the Board of Managers of the parent entity in current report number 32/2016.

The credit facility agreement includes requirements with respect to a number of key ratios (calculated based on the Inter Cars Group's consolidated financial statements), and in the event the Group fails to meet these requirements, the consortium will have the right to terminate the agreement. The ratios are as follows:

- EBITDA index
- the Group's operating profit to paid interest on financial indebtedness of all Group companies;
- net debt to EBITDA;
- the Group's equity to its aggregate balance-sheet total.

All coefficients are calculated based on the financial statements following elimination of the impact of the IFRS 16 standard applied in 2019.
As at 31 December 2021 the Group met all terms and conditions of the facility.
Inter Cars may approve and pay dividend only if the following conditions are met:

- the total amount of dividend paid for a given financial year does not exceed 40 or 60% of the net profit;
- the financial ratios are maintained at a satisfactory level and dividend payment would not result in failure to meet the requirements with respect to any of the key ratios.

The rate of interest of the credits is variable and shall depend, for each interest rate period, on WIBOR interest reference rate, plus agreed on the basis of the New Credit Facility Agreement (at arm's length) margins of the creditors.
The effective interest rate as at the reporting date was 1.51 %.

Finance lease	**31/12/2021**	**31/12/2020**
Payments under lease agreements	10,985	9,044
Discount	(553)	(589)
Present value of liabilities under leases	**10,432**	**8,455**
Payments under lease agreements		
Up to 1 year	4,091	4,362
Between 1 and 5 years	6,894	4,682
	10,985	**9,044**
Present value of liabilities under leases		
Up to 1 year	3,840	4,012
Between 1 and 5 years	6,592	4,443
	10,432	**8,455**

Finance lease IFRS 16 Right-of-use	**31/12/2021**	**31/12/2020**
Payments under lease agreements	276,471	327,446
Discount	(30,914)	(43,983)
Present value of liabilities under leases	**245,557**	**283,463**

(in thousand PLN)

Payments under lease agreements		
Up to 1 year	58,546	55,803
Between 1 and 5 years	173,555	222,524
Over 5 years	44,370	49,119
	276,471	**327,446**
Present value of liabilities under leases		
Up to 1 year	51,154	43,808
Between 1 and 5 years	152,003	193,338
Over 5 years	42,400	46,317
	245,557	**283,463**

Liabilities under leases are related to the lease of property, plant and equipment. For more information, see Notes 6 and 7.

Issuance of bonds

The Company did not issue any commercial bonds in 2021.

19. Trade and other liabilities

	31/12/2021	31/12/2020 transformed	31/12/2020
Trade payables to other entities	1,030 692	666,110	666,110
Receivables from suppliers	(141,697)	(92,387)	(346,346)
Trade and other liabilities– passed for factoring	110,076	73,908	73,908
Taxes, duties, social security and other benefits payable	110,578	62,250	62,250
Other payables and accrued expenses	124,729	103,747	103,747
	1,234 378	**813,628**	**559,669**

Maturity structure of trade payables, including those submitted for factoring	**31/12/2021**	**31/12/2020** transformed	**31/12/2020**
Up to 12 months	999,071	647,631	393,669
	999,071	**647,631**	**393,669**

Currency structure of trade and other payables	**31/12/2021**	**31/12/2020** transformed	**31/12/2020**
Payables in PLN	606,775	282,594	232,883
Foreign currencies	627,603	631,034	326,786
	1,234 378	**813,628**	**559,669**

Translated into PLN	**31/12/2021**	**31/12/2020** transformed	**31/12/2020**
Liabilities in EUR	350,679	325,229	122,670
Liabilities in USD	124,301	83,653	81,964
Liabilities in other currencies	152,623	122,152	122,152
	627,603	**531,034**	**393,669**

20. Employee benefits

	31/12/2021	**31/12/2020**
Salaries and wages	27,653	33,537
Company's Social Benefits Fund	394	(38)
	28,047	**33,499**

(in thousand PLN)

21. Income tax liabilities

Maturity structure of tax payables	31/12/2021	31/12/2020
Up to 12 months	79,190	70,718
	79,190	**70,718**

Currency structure of tax payables	31/12/2021	31/12/2020
Local currency	68,223	58,410
Foreign currency, denominated in PLN	10,967	12,308
	79,190	**70,718**

22. Long- and short-term lease liabilities - sublease

Premises and vehicles of which the Group is a lessor and which it leases out to its agents running branches are treated as a sublease. These lease liabilities equal the respective lease receivables.

The impact of IFRS 16 Subleases on particular items of the financial statements as of 31 December 2021 was as follows:

	Inter Cars Group	Inter Cars S.A.
Non-current receivables on long-term rental	228,500	103,777
Receivables on short-term rental	77,414	45,386
Non-current liabilities on long-term rental	228,500	103,777
Liabilities on the short-term rental	77,414	45,386

Short and long-term rental	31/12/2021	31/12/2020
Payments under lease agreements	333,906	305,219
Discount	(27,992)	(29,658)
Present value of liabilities under leases	**305,914**	**275,561**
Payments under lease agreements		
Up to 1 year	83,442	77,688
Between 1 and 5 years	231,773	217,703
Over 5 years	18,691	9,828
	333,906	**305,219**
Present value of liabilities under leases		
Up to 1 year	72,950	68,241
Between 1 and 5 years	215,673	198,295
Over 5 years	17,291	9,025
	305,914	**275,561**

23. Sales revenues

1. Sale of goods

The Group’s main objects are the wholesale of goods thorough stationary stores and retail business through an on-line shop.
The revenues are recognized at a specific point in time, i.e. when a customer gains control over the goods.
Due to the bonuses and returns policy applied, the Group, following the IFRS 15, decreases the value of the revenues by an estimated cost of such bonuses and returns.

2. Sale of products

Feber Sp. z o.o., a subsidiary company, produces and sells semi-trailers tippers.

3. Sale of services

The Group sells services and these include mainly repair services provided to fleet chains and remanufacturing of automotive parts.

The Group believes that customers simultaneously receive and gain benefits resulting from the services rendered upon their completion, as these services are short-term ones. Hence, the Group continues to recognize sales revenues upon the completion of a settlement month.

The Group mainly has deferred payment sales. Additionally, cash sales take place in the retail area. Payment terms not exceeding 30 days are mostly used in contracts with customers. Payment is usually due upon delivery of the good or upon completion of the service.

	01/01/2021 - 31/12/2021	**01/01/2020- 31/12/2020**
Revenues on sales of commodities and materials	11,960 723	9,007,544
Revenue from the sale of cars	133,402	42,078
Revenue from sales of services	74,790	53,909
Revenue on the sale of products	73,132	55,395
Lease of investment property	-	240
	12,242 047	**9,159,166**

Sales by product groups

	2021	***share***	**2020**	***Share***
Spare parts for passenger cars	6,486 810	*52.99%*	4,906,136	*53.57%*
Spare parts for commercial vehicles and buses	1,971,555	*16.10%*	1,433,082	*15.65%*
tyres, batteries and lubricants	2,826,828	*23.09%*	2,048,038	*22.36%*
garage equipment	436,471	*3.57%*	349,425	*3.82%*
motorcycles and parts	194,340	*1.59%*	227,380	*2.48%*
Accessories	44,719	*0.37%*	43,723	*0.48%*
other sale - services	74,790	*0.61%*	53,909	*1.12%*
semi-trailers - Feber	73,132	*0.60%*	55,395	*0.60%*
ISUZU and FORD Truck automobiles	133,402	*1.09%*	42,078	*0.21%*
	12,242,047	***100.00%***	**9,159,166**	***100.00%***

The other sales revenue include mainly income generated by lease of warehouse area and selling marketing services connected with basic operations. During the period from 1 January 2021 to 31 December 2021 and the comparative period, no revenue exceeding 10% of the Group's sales revenue was realised with any customer.

Geographical structure of sales

	2021		**2020**	
	(in thousand PLN)	**(%)**	**(in thousand PLN)**	**(%)**
Sales in Poland	5,725,702	47%	4,501,406	49%
Sales outside Poland	6,516,345	53%	4,657,760	51%
Total	**12,242,047**	**100%**	**9,159,166**	**100%**

24. Cost of sales

	01/01/2021 - 31/12/2021	**01/01/2020- 31/12/2020**
Value of goods and materials sold	8,438,166	6,319,948
Sold gods	64,355	47,483
Foreign exchange (gains) / losses	(11,742)	48,892
Cost of sales	**8,490,779**	**6,416,323**

(in thousand PLN)

25. Selling cost, general and administrative expenses

	01/01/2021 - 31/12/2021	01/01/2020-31/12/2020
Amortization and depreciation	130,011	131,150
Materials and energy consumption	205,838	145,983
External services	2,084,207	1,643,950
Taxes and fees	12,361	15,124
Salaries	327,674	252,664
Social security and other benefits	69,397	57,204
Other costs by kind	117,130	63,097
Total costs by kind	**2,946,618**	**2,309,172**
(minus) Cost of products sold	(133,226)	(96,333)
(minus) Change in the balance of finished products and work in progress	-	(744)
(minus) Cost of distribution realized by branches	(1,242,393)	(972,599)
Selling cost, general and administrative expenses	**1,570 999**	**1,239,496**

26. Other operating revenue

	01/01/2021 - 31/12/2021	01/01/2020-31/12/2020
Gain on disposal of non-financial non-current assets	721	2,125
Compensation, penalties and fines received	4,920	4,493
Marketing rebates	11,296	7,557
Other rebates	4,187	6,891
Impairment losses on past due liabilities	4685	543
Early payment discount	2725	1829
Other sales	6,116	8,700
Reversal of provisions	5,507	1,523
Other	9,413	13,066
	49,570	**46,727**

27. Other operating expenses

	01/01/2021 - 31/12/2021	01/01/2020-31/12/2020
Damage to stock	20,137	11,851
Expenses related to complaints	2,764	1271
Inventory lacks	9,081	3,228
Compensations	87	211
Insurances	1,468	306
Past due receivables recognised as impairment losses	5,612	8466
Impairment of stock write off	5,389	1518
Provisions made	3,769	7,774
Donations	681	868
Revaluation of non-financial assets	803	526
Claims recognized by suppliers	-	986
Rebates granted	3,918	5,803
Scrapping	5,471	1,800
Other	19,553	25,791
	78,733	**70,399**

(in thousand PLN)

28. Finance income and expenses

Financial income	**01/01/2021 - 31/12/2021**	**01/01/2020- 31/12/2020**
Interest on loans and borrowings	281	401
Other interest	1,291	2,221
Interest on rental (sublease)	10,773	10,566
Foreign exchange gains/losses	3,419	-
Profit on sale of investments	575	-
Other	174	702
	16,513	**13,890**

Financial costs	**01/01/2021 - 31/12/2021**	**01/01/2020- 31/12/2020**
Interest expense under bank loans and bonds	16,943	19,954
Other interest	1,799	13,908
Interest on rental (sublease)	10,773	10,566
Interest under finance lease (right-of-use)	8,994	12,600
Fees and commissions	8,624	8,062
Foreign exchange gains/losses	-	9,939
Other	1,167	1,639
	48,300	**76,668**

Foreign exchange gains/losses in the period from 1.01.2021 to 31.12.2021	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	12,577	-	12,577
Other	-	(9)	(9)
Realised foreign exchange gains/(losses)	**12,577**	**(9)**	**12,568**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(25,769)	-	(25,769)
Other	-	3,428	3,428
Unrealised foreign exchange gains/(losses)	**(25,769)**	**3,428**	**(22,341)**
Total foreign exchange gains/(losses)	**(13,192)**	**3,419**	**(9,773)**

Foreign exchange gains/(losses) in the period from 1.01.2020 to 31.12.2010	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	(51,980)	-	(51,980)
Other	-	(587)	(587)
Realised foreign exchange gains/(losses)	**(51,980)**	**(587)**	**(52,567)**
Arising in connection with valuation of trade payables and receivables as at the reporting date	3,088	-	3,088
Other	-	(9,352)	(9,352)
Unrealised foreign exchange gains/(losses)	**3,088**	**(9,352)**	**(6,264)**
Total foreign exchange gains/(losses)	**(48,892)**	**(9,939)**	**(58,831)**

(in thousand PLN)

29. Structure of cash for the statement of cash flows

Corporate income tax paid

	2021	2020
Current corporate income tax disclosed in the statement of comprehensive income	(138,495)	(111,814)
Adjustment of comprehensive income	-	-
Change in income tax payable	8,473	23,132
Corporate income tax paid	**(130,022)**	**(88,682)**

Increase (decrease) in receivables

	2021	2020 transformed	2020
Change in trade and other receivables	(477,677)	(63,842)	13,550
Change in non-current receivables	(2,104)	(1,475)	(1,475)
Change in Loans granted	(204)	(1,112)	(1,112)
Change in receivables under rental	(30,353)	(22,889)	(22,889)
Security deposits	-	50	50
Increase (decrease) in receivables	**(510,338)**	**(89,268)**	**(11,876)**

Change in Loans granted

	2021	2020
Loans granted	(3,466)	(2,134)
Repayment of loans granted	3,670	3,246
Interest received	281	386
Interest accrued	(282)	(357)
Foreign exchange gains /losses	1	(31)
Change in Loans granted	**204**	**1,110**

Change in loans, borrowings, debt securities and finance lease liabilities

	31/12/2021	31/12/2020 transformed	31/12/2020
Change in loans, borrowings, debt securities and finance lease liabilities	159,010	(111,404)	(111,404)
Change in trade and other liabilities	420,750	56,860	(20,532)
Change in employee benefits liabilities	(5,452)	(2,306)	(2,306)
Change in total liabilities	574,308	(56,850)	(134,243)
of which:			
Recognition of new leasing agreements (IFRS 16)	(11,364)	(62,249)	(62,249)
Change in liabilities under rental	30,353	22,889	22,889
Cash inflows on credits and loans	(221,453)	(4,040)	(4,040)
Repayment of loans and borrowings	16,142	132,430	132,430
Financial lease contracts liabilities	92,042	111,529	111,529
Other	1,301	(8,525)	(8,525)
Change in liabilities following adjustments total	**481,329**	**135,184**	**57,792**

Net interest

	2021	2020
Interest paid	(37,801)	(46,462)
Interest received	281	401
Net interest	**(37,520)**	**(46,061)**

(in thousand PLN)

Other adjustments, net

	2021	2020
Foreign exchange gains /losses	16,831	15,489
Change in other non-current liabilities	701	1,476
Other	-	(19)
Other adjustments, net	**17,532**	**16,946**

30. Income tax

In the results for the 2020, the Company recognized the outcome of customs and tax controls in the area of Corporate Income Tax for the years: 2014-2017 of PLN 42.3 million. The event is described in the Consolidated Financial Report for 2020.

Income tax recognised under current period profit or loss

	01/01/2021 - 31/12/2021	01/01/2020-31/12/2020
Current income tax	138,495	111,814
Change in deferred income tax	39,167	(660)
Income tax disclosed in statement of comprehensive income	**177,662**	**111,154**

The reconciliation of the tax deductible cost to the value representing the product of the accounting profit and the applicable tax rates is as follows:

Effective tax rate	**01/01/2021 - 31/12/2021**	**01/01/2020-31/12/2020**
Gross profit (without share of the result of the affiliate)	**877,242**	**444,298**
Tax based on 19% rate	(166,676)	(84,417)
Tax rates gains/losses *	365	2,791
Tax from previous years	-	(22,253)
Permanent differences		
Costs / incomes not subject to taxation	(11,351)	(7,275)
Current income tax disclosed in statement of comprehensive income	**(177,662)**	**(111,154)**

* Poland 19%, Republic of Slovakia 21%, Czech Republic 19%, Ukraine 18%, Lithuania 15%, Cyprus 12.5%, Malta 35%, Croatia 18%, Romania 16%, Latvia 20%, Bulgaria 10%, Italy 24%, Greece 24%, Bosnia and Herzegovina 10%, Moldova 12%, Estonia 20%, Slovenia 19%, Germany 30%, Hungary 9%, Serbia 15%, Great Britain 19%.

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.

31. Dividend proposed by the Board of Managers

Within the reporting period and till the day of publishing of these financial statements the Company had not realized any payments on account of pay-out of dividend on operating profit for 2021.
Till the day of preparation of these financial statements the Board of Managers of the Company had not approved the proposal of distribution of profits for 2021. The dividend policy of the Company projects dividend pay-out in the amount not lower than 60% of consolidated net profit of Inter Cars S.A. Capital Group for a given accounting year.

On 27 April 2021, the Company's Management Board passed a resolution to accept the Board's motion for the distribution of the 2020 profit, in conformity with which the Board applied for the distribution of the 2020 profit in such a way, that from the net profit of PLN 222,609,760.53 for 2020, the amount of PLN 20,118,702,00, i.e. PLN 1.42 per share was paid out to the shareholders in the form of a dividend, whilst the remaining amount of the profit in the amount of PLN 202,491,058.53 was transferred to supplementary capital. The Board also took a decision to propose to the General

(in thousand PLN)

Shareholders Meeting the day of dividend for 30 June 2021 and pay-out of the dividend for 14 July 2021.

The Company's Supervisory Board acknowledged and approved the Management Board's motion of 27 April 2021 regarding the distribution of the 2020 profit and recommended that the Company's Shareholders Meeting adopt a resolution on distributing the 2020 profit in conformity with the Management Board's motion.

The dividend was paid out on 14 July 2021.

As at the date of publication of the report, no decision on the distribution of profit for the financial year 2021 had been taken.

Dividend per share

	01/01/2021 - 31/12/2021	01/01/2020-31/12/2020
Dividend resolved and paid out to the reporting date	20,119	-
Number of shares with right to dividend as per resolution of the General Shareholders Meeting	14,168,100	14,168,100
Dividend per share (in PLN)	1.42	-

32. Unrecognised liabilities under executed agreements

Tax liabilities

Regulations on VAT, corporate and personal income tax and social security contributions change frequently, and as a consequence often there is no possibility of relying on established regulations or legal precedents. The regulations in effect tend to be unclear, thus leading to differences in opinions as to their legal interpretation, both between state authorities and between state authorities and entrepreneurs. Tax and other settlements (customs duty or currency settlements) may be inspected by authorities entitled to impose material penalties, and any additional amounts assessed following an inspection must be paid together with interest. Consequently, the tax risk in Poland and in Central and Eastern Europe countries is higher than in other countries with more developed tax systems.

Tax settlements may be inspected for the period of five years. For this reason the amounts disclosed in the financial statements may change at a later date following final determination of their amount by tax authorities. The Group was inspected by the tax authorities.

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.

Guaranties and sureties

As at 31 December 2021 , the total amount of sureties and guarantees issued by the Parent Company for unrelated entities was PLN 10,142 thousand.

Sureties and guaranties	2021	2020
As at beginning of period	17,445	17,188
Issued and increases	124	5,134
Expired	(7,427)	(4,877)
As at end of period	**10,142**	**17,445**

The Parent Entity holds a guarantee issued by InterRisk, with respect to payment of a bid bond and a performance bond securing proper performance of contractual obligations and removal of defects in the case of supplies for the Polish Post, the Police and the Warsaw Airport.

33. Operating leases

The Inter Cars Group is a party to car, storage, and office space lease contracts.

(in thousand PLN)

Costs of lease of storage space related directly to the activity of the branches and covered by the Group are re-invoiced in large part to the end users (entities running the branches) throughout the entire period during which they use such space (including the termination notice period).

However, the costs of cars, storage and office spaces leased by the branches managed by the Group and the warehouse spaces used for logistics operations are paid for in full by the Group.

Following adoption of IFRS 16, the Group recognized its lease liabilities previously classified as "operating lease" as financial lease liabilities and, in the case of sublease, as long-term lease liabilities.

Due to their value and term, the other lease contracts were recognized as operating lease, but their value is not important.

Future minimum fees on an irrevocable financial lease

	31/12/2021	31/12/2020
Up to 1 year	298	6
Between 1 and 5 years	69	-
	367	**6**

	31/12/2021	31/12/2020
Indefinite period	28	6
	28	**6**

34. Transactions with related entities

All transactions with related entities are executed at arm's length.

The Group executed transactions with entities related to members of the Supervisory Board and the Management Board and their relatives.

The value of these transactions is shown in the table below.

Sales revenues	**2021**	**2020**
ANPO Andrzej Oliszewski	2	1
FASTFORWARD Maciej Oleksowicz	6	14
AK-CAR Agnieszka Soszyńska	-	1
FF-SPORT Sp. z o.o.	287	242
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	-	2
	295	**260**

Purchase of goods and services	**2021**	**2020**
ANPO Andrzej Oliszewski	502	249
FF-SPORT Sp. z o.o.	154	39
	656	**288**

Receivables	**31/12/2021**	**31/12/2020**
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	-	21
AK-CAR Agnieszka Soszyńska	-	4
FF-SPORT Sp. z o.o.	29	44
	29	**69**

Loans granted	**31/12/2021**	**31/12/2020**
Loans to subsidiary and associated entities	30,826	35,367
	30,826	**35,367**

There are no loans or liabilities to members of the Supervisory Board and Management Board and their relatives.

Spółka P.H. AUTO CZĘŚCI Krzysztof Pietrzak is a company linked to the Vice-President of the Management Board of Inter Cars S. A., Krzysztof Soszyński, while FF-SPORT Sp. z o.o. is managed by President of the Management Board, Maciej Oleksowicz.

Moreover, Mr Krzysztof Oleksowicz, holding the position of Advisor of the Management Board, who is affiliated with the President of the Board, Maciej Oleksowicz, – received in 2021 remuneration amounting to PLN 960 thousand,

Remuneration for acting as members of Supervisory Board and Management Board of the parent entity and affiliated companies were as follows:

(in thousand PLN)	**01/01/2021 - 31/12/2021**	**01/01/2020- 31/12/2020**
Remuneration of the Members of the Supervisory Board and the Management Board		
Remuneration of the members of the Supervisory Board	538	535
Remuneration of the members of the Management Board	14,768	10,568
	15,306	**11,103**

Remuneration for acting as members of Management of the Board of the parent entity amounted to PLN 8,927 thousand, while remuneration of management from the management of the board of subsidiaries amounted to PLN 5,841 thousand.

35. Financial risk management

Credit risk

Credit risk is associated mainly with other receivables, cash and cash equivalents, as well as trade receivables. Cash and cash equivalents are deposited with reputable financial institutions.

Under the credit policy adopted by the Group, credit risk exposure is monitored on an on-going basis. All customers who require crediting in excess of a specified amount are assessed in terms of their creditworthiness. The Group does not require any of its customers to provide any asset-based security for financial assets.

The risk attributable to a significant portion of trade receivables is borne by the affiliate branch operators, with whom the Group settles accounts by sales margin sharing. The Group's credit risk is therefore additionally reduced.

As at the reporting date, there was no significant concentration of credit risks. The carrying amount of each financial asset, including derivative financial instruments, represents the maximum credit risk exposure:

	31/12/2021	**31/12/2020** transformed	**31/12/2020**
Loans granted	9,549	9,506	9,506
Trade and other receivables (excluding loans granted)	1,971 702	1,466,134	1,212 175
Cash and cash equivalents	240,665	233,806	233,806
	2,221,916	**1,709,446**	**1,455 487**

Interest rate risk

The Group's exposure to interest rate risk is associated mainly with variable-rate liabilities and loans granted.

The Group has liabilities bearing interest at variable rates. As at 31 December 2021, the Group did not use liabilities of fixed interest rate.

As at reporting date the Group did not have any transactions securing the risk of change of interest rate.

As at the end of the reporting period, the structure of interest-bearing financial instruments was as follows:

Variable rate financial instruments	**31/12/2021**	**31/12/2020**
Financial assets (loans granted)	9,549	9,506
Cash assets in bank accounts	190,160	207,398
Financial liabilities (liabilities under loans, borrowings debt securities and finance leases)	(1,480,349)	(1,321,339)
	(1,280,640)	**(1,104,435)**

(in thousand PLN)

Presented below is sensitivity analysis of the net profit or loss to possible interest rate changes, assuming that other factors remain unchanged. The following data shows the impact of basis points on the Company's annual net profit or loss.

as at 31 December 2021	**basis points increase/decrease**	**Impact on net profit / loss**
	+100 / -100	(9,259)/ 9259
	+200 / -200	(18,519)/ 18519

as at 31 December 2020	**basis points increase/decrease**	**Impact on net profit / loss**
	+100 / -100	(8,946)/ 8946
	+200 / -200	(17,892)/ 17892

Currency risk

A significant portion of the Company's trade and services payables is denominated in foreign currencies, especially in EUR. Sales is performed mostly in PLN and also in UAH, EUR, CZK, LTL, LVL, HUF, HRK, BGN, RON, MDL and BAM. The Group did not enter any foreign currency future purchase or sales contracts between 1st January to 31 December 2021.

	EUR	USD	RON	Other	EUR	USD	RON	Other
	31 December 2021				**31 December 2020 translated**			
Trade receivables	697,169	1,145	139,453	145,960	380,314	1,689	123,180	161,142
Cash	64,519	167	14,695	116,158	73,447	167	8,663	105,984
Bank credits	(179,165)	-	(46,592)	(9,384)	(146,583)	-	(61,474)	(7,585)
Trade payables	(350,679)	(124,301)	(44,203)	(108,420)	(325,229)	(83,653)	(30,407)	(91,745)
Gross balance sheet exposure	**231,844**	**(122,989)**	**63,353**	**144,314**	**(18,051)**	**(81,797)**	**39,962**	**167,796**

Currency risk

	EUR	USD	RON	Other
			31 December 2020	
Trade receivables	177,756	-	123,180	161,141
Cash	73,447	167	8,663	105,984
Bank credits	(146,583)	-	(61,474)	(7,585)
Trade payables	(122,670)	(8,056)	(30,407)	(91,745)
Gross balance sheet exposure	**(18,050)**	**(7,889)**	**39,962**	**167,795**

(in thousand PLN)

Presented below is sensitivity analysis of the net profit or loss to possible currency exchange rate changes, assuming that other factors remain unchanged (no direct impact on equity).

		Impact on net profit / loss		
currency	**Foreign exchange rate increase/decrease**	**as at 31 December 2021**	**as at 31 December 2020**	**as at 31 December 2020**
			transformed	
EUR	+5% / -5%	9,389/(9,389)	(732)/732	(732)/732
	+10% / -10%	18,778/(18,778)	(1,463)/ 1463	(1,463)/ 1463
USD	+5% / -5%	(4,981)/4,981	(3,313)/3,313	(319)/ 319
	+10% / -10%	(9,963)/9,963	(6,626)/6,626	(639)/ 639
RON	+5% / -5%	2,566/(2,566)	1,618/ (1,618)	1,618/ (1,618)
	+10% / -10%	5,131/(5,131)	3,236/ (3,236)	3,236/ (3,236)
Other	+5% / -5%	5,845/(5,845)	6,796/ (6,796)	6,796/ (6,796)
	+10% / -10%	11,689/(11,689)	13,591/ (13,591)	13,591/ (13,591)

Liquidity risk

In its operations the Company maintains a surplus of liquid assets and open credit lines.

The following table shows the value of current assets and liabilities and liquidity ratios as at:

	31/12/2021	**31/12/2020**	**31/12/2020**
		transformed	
Current assets	4,691,710	3,718 869	3,464,910
Short-term liabilities	1,709,390	1,527,032	1,273,073
Surplus of current assets over short-term liabilities	2,982,320	2,191 837	2,191,837
Current ratio	2.74	2.44	2.72
Quick ratio	0.92	0.98	0.98
Cash ratio	0.14	0.15	0.18

The current liquidity ratio is measured as a ratio of the current assets to the short-term liabilities at the end of a given period.

The liquidity ratio is calculated as a ratio of the current assets decreased by inventory to the short-term liabilities as at the end of the period.

The immediate liquidity ratio is calculated as a ratio of the cash to the short-term liabilities at the end of a period.

Cash flow management in the Inter Cars S.A. Capital Group (the “Group”) is critical for the functioning of the entire organization. The central point of this aspect of management is the cash flow planning model, covering the demand for capital, primarily including inventories as well as trade receivables and liabilities. By forecasting the demand for capital, the Group continually monitors the financial flows in individual countries and adjusts the financing sources accordingly, both at the Group and the local markets level. The Group finances its business activities by a consortium of 7 banks and 4 banks out of the consortium. Bank financing is kept within the following proportion: 60% short-term loans and 40% long-term loans. The Group diversifies its financing sources and has issued bonds that have been subscribed for by entities other than banks. The Group also finances its liabilities from its equity, which amounted to PLN 3,089 b as at 31 December 2021. The Group reinvests the funds obtained from its activities. The payment of dividends is kept at a stable level. To maintain liquidity, the Group keeps a stable amount of cash ranging from PLN 13 m and PLN 28 m available at its points of sale (branches).

The surplus of operating assets shown in the consolidated financial statements for 2021 (comprising mainly short-term inventories of an average rotation of 3 months, short-term receivables, and cash) over short-term liabilities is PLN 2,932 m, PLN 790 m higher than that for 2020. This shows the Group’s financial liquidity is kept at the right level.

(in thousand PLN)

Below chart presents liabilities of the Group as at 31 December, by maturity:

31/12/2021	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings and bonds	-	-	650,488	573,872	-	1,224,360
finance lease liabilities	-	12,830	39,709	159,080	44,370	255,989
IFRS 16	-	18,407	55,222	215,673	17,291	305,914
trade and other payables	411,913	709,326	3,679	(622)	6	1,124,302
	411,913	**740,563**	**748,418**	**948,003**	**61,667**	**2,910 564**

31 December 2020 translated

	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings and bonds	-	-	484,758	535,527	-	1,020 285
finance lease liabilities	-	11,946	35,839	197,614	46,317	291,716
IFRS 16	-	17,071	51,212	198,455	9,025	275,763
IBM	-	2,108	6,325	703	-	9,136
trade and other payables	291,966	444,572	3,164	11	7	739,720
	291,966	**475,697**	**581,298**	**932,310**	**55,349**	**2,336 620**

31/12/2020

	matured	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings and bonds	-	-	484,758	535,527	-	1,020 285
finance lease liabilities	-	11,946	35,839	197,614	46,317	291,716
IFRS 16	-	17,071	51,212	198,455	9,025	275,763
IBM	-	2,108	6,325	703	-	9,136
trade and other payables	38,007	444,572	3,164	11	7	485,761
	38,007	**475,697**	**581,298**	**932,310**	**55,349**	**2,082 661**

Capital management

The main objective of the Group's capital management is to maintain a good credit rating and sound capital ratios to support the Group's operations and increase the shareholder value.

Depending on changes in the economic environment, the Group may adjust its capital structure by dividend pay-outs, capital repayments to shareholders, or issues of new shares.

In the reporting period, certain capital management restrictions were present in connection with the obtained credit facility agreement (see Note 18).

The Group analyses its equity and capital using the gearing ratio calculated as net debt to total equity plus net debt. The Group's net debt includes interest-bearing bank loans, bonds, and finance leases, as well as trade and other payables, less cash and cash equivalents. Equity includes equity attributable to owners of the Parent Entity.

(in thousand PLN)

	31/12/2021	31/12/2020	31/12/2020
		transformed	
Loan, borrowing and finance lease liabilities	1,342,844	1,321,339	1,321,339
Trade and other liabilities	716,642	739,720	485,761
(less) cash and cash equivalents	(240,665)	(233,806)	(233,806)
Net debt	1,818,821	1,827 253	1,573,294
Equity	3,089,684	2,395,496	2,395,496
Net debt to equity	**0.59**	**0.76**	**0.66**

Fair value

In the opinion of the Management Board, the carrying amount of assets and liabilities is similar to their fair value.

36. Events subsequent to the balance sheet date

Until 24 February this year, sales in Ukraine were normal, then operations were suspended due to the start of war activities by Russia. Sales in Ukraine are now resuming gradually, with 30 branches out of 38 now operating, but sales are much lower than before 24 February 2022. Sales for March 2022 were roughly at 20% of sales the year before.

Our Ukrainian employees are showing incredible fortitude and determination, we support their efforts and our intention is to remain in Ukraine.

The Ukrainian company's sales in 2021 amounted to PLN 580 million, which represented 4.73 percent of last year's Group sales.
Due to the destruction of the central warehouse belonging to our subsidiary in Ukraine, we made an impairment charge of PLN 75 million on the value of goods and fixed assets at this location. The write-down will affect the result of the first quarter of 2022.

The total net asset value of our company in Ukraine is PLN 150 million, although it should be noted that the remaining assets not covered by the write-down are scattered in many locations, primarily where hostilities are not intense.
In Russia and Belarus we did not sell directly through subsidiaries.

In addition, at the beginning of March 2022, the real estate in Szczecin owned by IC Development & Finance Sp. z o.o. was sold for a gross amount of PLN 6,994.8 thousand.

37. Material evaluations and estimates

The preparation of the financial statements in conformity with the EU IFRS requires the Parent Entity's Management Board to make judgments and estimates which affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Real values may differ from their estimates. The judgements and estimates are reviewed on an ongoing basis. Revisions to the estimates are recognised as profit or loss of the period in which the estimate is revised. Information on particularly significant areas subject to judgements and estimates which affect the financial statements is disclosed in the following notes:

- Note 12 Deferred tax (the Management Board analyses whether or not there is a possibility of using tax losses in subsidiary companies and assesses uncertainty of forecast changes in tax laws in force),
- Note 13 Impairment losses on stock (the Management Board analyses whether or not there is a possibility of impairment of stock. In the event of identification of impairment, net obtainable values are to be evaluated),
- Note 14 Impairment loss on receivables (as at the balance sheet date, the Group evaluates whether or not there is evidence of impairment of a receivable or a group of receivables. If the recoverable value of an asset is lower than its carrying value, the Group creates an impairment loss to the level of the current value of planned cash flows),

- Note 6/7/8 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets (the amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board of the Parent Company also evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined).

One of important estimates of the Management Board of the Group are the estimates on trade bonuses from suppliers on purchase of trade goods. Bonuses for the Group, on realization of purchase plans, are included in expected values and included in the results proportionally to rotation of sold merchandise.

38. Continued and discontinued operations

The consolidated financial statement were prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

During the reporting period the Group did not discontinue any of its activities. It does not anticipate to discontinue them in the following period.

The most significant event that may affect the Group's financial results in future periods is the conduct of hostilities by the Russian Federation against Ukraine.

Due to the temporary suspension of sales in the Ukrainian company, the Group is unable to estimate at this time the lost profits in 2022. The Group believes that at present there are no indications that the Group's ability to continue business activity is impaired. However, the development of the situation is very dynamic and unpredictable. In connection with the above, the Group's Management Board analyses on an ongoing basis the situation related to the escalation of the armed conflict in Ukraine and does not rule out that possible new conditions and changes may significantly affect the Group's operations and financial results.

INFORMATION OF THE INTER CARS S.A. MANAGEMENT BOARD

REGARDING SELECTION OF AN AUDIT FIRM TO AUDIT THE ANNUAL FINANCIAL STATEMENTS

The Management Board of Inter Cars S.A., hereinafter referred to as "the Company," having its registered seat in Warsaw, acting in conformity with § 71.1.7 of the Minister of Finance Regulation of 29 March 2018 on current and periodical information provided by securities issuers and the conditions of regarding as equivalent of the information required by the non-member state, and based on the statement of the Company's Supervisory Board to this effect, informs that the selection of an audit firm to audit the annual consolidated financial statements of the Inter Cars S.A. Capital Group for the year ended on 31 December 2021 was made in conformity with the applicable regulations, including those related to the selection of an audit firm.

Furthermore, the Management Board of the Company informs that:

- the audit firm and the members of the audit team met the requirement of preparing an impartial and independent report on auditing the annual financial statements in conformity with the applicable law, professional standards and ethics;
- the applicable regulations related to the rotation of the audit firm, the key chartered auditor and the statutory grace periods are observed;
- The Company applies a policy governing the selection of an audit firm and a policy governing the provision by an audit firm, an entity related to an audit firm or by its member of additional services other than an audit, including services which an audit firm is conditionally permitted to provide.

These annual consolidated financial statements were approved by the Management Board of Inter Cars S.A for publication on 27 April 2022.

STATEMENTS OF THE MEMBERS OF THE MANAGEMENT BOARD AND APPROVAL OF THE FINANCIAL STATEMENTS

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:

- to the best of its knowledge the consolidated annual financial statements of Inter Cars S.A. Group. ("Inter Cars") and the comparative data have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union, issued and effective as at the date of these financial statements, and give a true and fair view of the assets, financial standing and financial results of Inter Cars S.A. Group.

- The comments to the annual report constituting an annual 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 S.A. Group, including description of basic threats and risks.

Maciej Oleksowicz
CEO

Krzysztof Soszyński
Vice-President of the Management Board

Wojciech Twaróg
Member of the Management Board

Piotr Zamora
Member of the Management Board

Julita Pałyska
Person responsible for keeping the accounting books

Warsaw, 28 April 2022.