Consolidated quarterly report of the Auto Partner Group for Q3 2022

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This document ("Consolidated quarterly report of the Auto Partner Group for Q3 2022") contains the interim condensed consolidated financial statements of the Group. This document also contains the quarterly financial information of the parent in accordance with Par. 62.1 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

I. Interim condensed consolidated financial statements

Interim consolidated statement of comprehensive income

	Note	for 3 months ended September 30th 2022	for 3 months ended September 30th 2021	for 9 months ended September 30th 2022	for 9 months ended September 30th 2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
STATEMENT OF PROFIT OR LOSS					
Revenue from contracts with customers	8	751,215	611,621	2,097,734	1,674,533
Cost of sales	9	(531,817)	(438,006)	(1,474,908)	(1,197,192)
Gross profit (loss)		219,398	173,615	622,826	477,341
Distribution costs and marketing expenses	9	(90,511)	(65,574)	(246,525)	(174,473)
Warehousing (logistics) costs	9	(43,207)	(36,519)	(131,763)	(98,124)
Management and administrative expenses	9	(13,176)	(6,796)	(36,008)	(21,127)
Other gains (losses), net	10	3,031	1,344	3,918	1,330
Other income		391	101	613	305
Other expenses		(304)	(103)	(901)	(1,228)
Operating profit (loss)		75,622	66,068	212,160	184,024
Finance income	11	41	(847)	181	111
Finance costs	12	(9,189)	(1,932)	(18,865)	(5,222)
Profit (loss) before tax		66,474	63,289	193,476	178,913
Income tax	13	(12,729)	(12,272)	(36,972)	(34,531)
Net profit (loss)		53,745	51,017	156,504	144,382
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations		(335)	(170)	(502)	(263)
Other comprehensive income that will be reclassified to profit or loss		(335)	(170)	(502)	(263)
Other comprehensive income, net		(335)	(170)	(502)	(263)
TOTAL COMPREHENSIVE INCOME		53,410	50,847	156,002	144,119
Net profit (loss) attributable to:					
Owners of the parent		53,745	51,017	156,504	144,382
Total comprehensive income attributable to:					
Owners of the parent		53,410	50,847	156,002	144,119
Earnings (loss) per share (PLN per share)					
From continuing operations:					
Basic		0.41	0.39	1.20	1.10
Diluted		0.41	0.39	1.20	1.10

Interim consolidated statement of financial position

	Note	As at September 30th 2022	As at June 30th 2022	As at December 31st 2021	As at September 30th 2021
		(unaudited)	(unaudited)		(unaudited)
ASSETS					
Non-current assets					
Intangible assets	15	24,877	23,520	20,561	15,786
Property, plant and equipment	14	248,243	196,231	169,337	161,957
Investments in other entities	16	110	110	110	110
Other long-term receivables	19	4,082	4,108	3,638	3,741
Other non-current financial assets	17	1	2	8	12
Deferred tax assets		1,071	990	1,048	876
Total non-current assets		278,384	224,961	194,702	182,482
Current assets					
Inventories	18.1	860,638	812,052	738,506	641,910
Right-of-return assets	18.2	15,391	15,520	10,859	14,150
Trade and other receivables	19	266,370	242,945	241,534	213,637
Other financial assets	17	4	3,588	12	11
Current tax assets	13	-	355	221	-
Cash and cash equivalents	30	30,522	43,001	16,936	26,578
Total current assets		1,172,925	1,117,461	1,008,068	896,286
Total assets		1,451,309	1,342,422	1,202,770	1,078,768
EQUITY AND LIABILITIES					
Equity					
Share capital issued	20	13,062	13,062	13,062	13,062
Share premium	20	106,299	106,299	106,299	106,299
Other capital reserves	20	916	1,251	1,418	1,548
Retained earnings	20	671,628	617,883	534,717	493,075
Equity attributable to owners of the parent		791,905	738,495	655,496	613,984
Total equity		791,905	738,495	655,496	613,984
Non-current liabilities					
Long-term borrowings	21	123,700	148,700	93,896	93,700
Lease liabilities	23	116,916	78,739	72,610	68,228
Employee benefit obligations and provisions	24	1,946	1,595	1,077	1,204
Deferred tax liability		9,051	4,920	12,550	8,771
Total non-current liabilities		251,613	233,954	180,133	171,903
Current liabilities					
Trade and other payables	22.1	134,100	145,535	94,878	120,546
Contract and right-of-return liabilities	22.2	21,924	22,290	15,593	18,733
Short-term borrowings	21	155,329	113,256	168,928	76,384
Lease liabilities	23	40,110	35,032	32,509	32,749
Current tax liability	13	20,299	19,246	23,724	20,915
Employee benefit obligations and provisions	24	28,820	27,867	21,663	20,266
Short-term provisions	25	7,209	6,747	9,846	3,288
Total current liabilities		407,791	369,973	367,141	292,881
Total liabilities		659,404	603,927	547,274	464,784
Total equity and liabilities		1,451,309	1,342,422	1,202,770	1,078,768

Interim consolidated statement of cash flows

indirect method	Note	for period ended September 30th 2022	for period ended September 30th 2021
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before tax		193,476	178,913
Adjustments:			
Depreciation and amortisation		23,703	19,340
Foreign exchange gains/losses		1,259	(376)
Adjustments for gains/losses on sale of non-current assets		44	262
Other adjustments with cash flows from financing or investing activities		(79)	(58)
Finance costs recognised in profit or loss		16,300	5,068
Other adjustments		-	(4)
Change in inventories		(122,132)	(160,469)
Change in right-of-return assets		(4,532)	(3,939)
Change in trade and other receivables		(25,534)	(87,263)
Change in trade and other payables		38,968	40,849
Change in contract and right-of-return liabilities		6,331	5,518
Change in employee benefit obligations and provisions		5,389	3,749
Cash from operating activities		133,193	1,590
Income tax paid		(43,697)	(12,140)
Net cash from operating activities		89,496	(10,550)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(28,318)	(12,090)
Disposal of property, plant and equipment and intangible assets		79	140
Loans		(3,400)	(2,394)
Repayment of loans		3,611	2,413
Receipts from lease		5	7
Interest received		80	58
Net cash from investing activities		(27,943)	(11,866)
Cash flows from financing activities			
Dividend paid		(19,593)	(13,062)
Borrowings received		16,422	66,720
Borrowings repaid		(10)	(26)
Payment of lease liabilities		(28,886)	(21,140)
Interest and commissions paid		(16,061)	(4,727)
Net cash from financing activities		(48,128)	27,765
Total net cash flows		13,425	5,349
Cash and cash equivalents at beginning of period		16,936	21,377
Cash and cash equivalents at end of period	30	30,361	26,554
Effect of exchange rate movements on net cash in foreign currencies		161	(148)

Interim consolidated statement of changes in equity

	Share capital issued	Capital from issue of warrants	Share premium	Retained earnings	Translation reserve	Total equity
As at December 31st 2020	13,062	2,103	106,299	361,755	(292)	482,927
Net profit for period				144,382		144,382
Other comprehensive income for period, net					(263)	(263)
Total comprehensive income				144,382	(263)	144,119
Dividend paid				(13,062)		(13,062)
As at September 30th 2021 (unaudited)	13,062	2,103	106,299	493,075	(555)	613,984
As at December 31st 2020	13,062	2,103	106,299	361,755	(292)	482,927
Net profit for period				186,024		186,024
Other comprehensive income for period, net					(393)	(393)
Total comprehensive income				186,024	(393)	185,631
Dividend paid				(13,062)		(13,062)
As at December 31st 2021	13,062	2,103	106,299	534,717	(685)	655,496
Net profit for period				156,504		156,504
Other comprehensive income for period, net					(502)	(502)
Total comprehensive income				156,504	(502)	156,002
Dividend paid				(19,593)		(19,593)
As at September 30th 2022 (unaudited)	13,062	2,103	106,299	671,628	(1,187)	791,905

In the reporting periods ended September 30th 2022 and December 31st 2021, there were no non-controlling interests.

Notes

1. General information

The Parent

Auto Partner S.A. with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, Poland, is registered with the National Court Register at the District Court for Katowice-Wschód, 8th Commercial Division of the National Court Register, entry No. KRS 0000291327.

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

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

As at the date of authorisation of these financial statements for issue, the Management Board was composed of:

Aleksander Górecki – President of the Management Board,
Andrzej Manowski – Vice President of the Management Board,
Piotr Janta – Vice President of the Management Board.

As at the date of authorisation of the financial statements for issue, the Supervisory Board was composed of:

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

Commercial proxy: Grzegorz Lenda – joint commercial proxy.

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

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

Structure of share capital: the structure of the Company's share capital as at September 30th 2022 is presented below.

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

<u>The Group</u>

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

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

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

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

In the reporting period, the Group was comprised of the following subsidiaries:

Entity	Principal business	Registered office	% ownership interest	
			As at September 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	sale of spare parts and accessories for motor vehicles	Bieruń, Poland	100%*	100%*
Maxgear Sp. z o.o.	sale of spare parts and accessories for motor vehicles	Poland, Tychy	100%	100%

AP Auto Partner CZ, s.r.o.	sale of spare parts and accessories for motor vehicles	Prague, Czech Republic	100%	100%
AP Auto Partner RO, s.r.l.	sale of spare parts and accessories for motor vehicles	Timisoara, Romania	100%	100%

*) 99% of the voting rights are held by Auto Partner S.A. as a limited partner; 1% of the voting rights are held by the general partner, in which Auto Partner S.A. holds 100% of the voting rights.

2. Statement of compliance and basis of preparation

These unaudited interim condensed consolidated financial statements ("financial statements") of the Group for the nine months from January 1st to September 30th 2022 and for the corresponding period of the previous year have been prepared in accordance with IAS 34 Interim Financial Reporting and all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at September 30th 2022.

The accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with the policies applied in the preparation of the full-year consolidated financial statements for the financial year ended December 31st 2021.

These interim condensed consolidated financial statements should be read in conjunction with the audited full-year consolidated financial statements for the year ended December 31st 2021 prepared in accordance with IFRS.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of authorisation of these financial statements, there were no circumstances indicating any threat to the Group's ability to continue as a going concern.

All amounts in these interim condensed consolidated financial statements are presented in PLN thousands, unless indicated otherwise.

3. Change of accounting policies and presentation

3.1. Changes in accounting policies

In the reporting period, the Group did not make any changes in its accounting policies.

3.2. Presentation changes

In the presented period, the Group did not make any presentation changes. A presentation change was made in the comparative period, that is for the nine months ended September 30th 2021. In order to present the Group's financial position in a reliable and faithful manner the Management Board of the Group changed the presentation of provisions for warranty repairs, which were previously presented in the statement of financial position under short-term provisions as the difference between the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints and the estimated cost of warranty complaints. After the change, the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints is presented in other financial receivables, while the estimated cost of warranty complaints is included in short-term provisions.

Below is presented the effect of the presentation change in the statement of financial position and in the statement of cash flows for the period ended September 30th 2021.

Interim consolidated statement of financial position	As at September 30th 2021	change	As at September 30th 2021
	before		after
Trade and other receivables	212,038	1,599	213,637
Total current assets	894,687	1,599	896,286

Total assets	1,077,169	1,599	1,078,768
Short-term provisions	1,689	1,599	3,288
Total current liabilities	291,282	1,599	292,881
Total liabilities	463,185	1,599	464,784
Total equity and liabilities	1,077,169	1,599	1,078,768

Interim consolidated statement of cash flows	Period ended September 30th 2021	change	Period ended September 30th 2021
	before		after
Change in trade and other receivables	(85,664)	(1,599)	(87,263)
Change in employee benefit obligations and provisions	2,150	1,599	3,749
Cash from operating activities	1,590	-	1,590
Net cash from operating activities	(10,550)	-	(10,550)

4. Amendments to standards and interpretations

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU have been applied for the first time in 2022:

Amendments to IFRS 3 *Business Combinations*
The amendments to the standard issued in May 2020 are intended to update the relevant references to the Conceptual Framework in IFRS without introducing any substantive changes to accounting for business combinations.

Amendments to IAS 16 *Property, Plant and Equipment*
The amendment to IAS 16 prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
The amendments to IAS 37 clarify what costs an entity considers in assessing whether a contract is onerous.

Annual Improvements to IFRSs 2018−2020 Cycle
Annual Improvements to IFRSs 2018−2020 Cycle amend the following standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, and illustrative examples for IFRS 16 *Leases*. The amendments explain and clarify the guidance on recognition and measurement provided in the standards.

The amendments listed above have not had a material effect on the financial statements.

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

IFRS 17 *Insurance Contracts* and amendments to IFRS 17
IFRS 17 *Insurance Contracts* was issued by the International Accounting Standards Board on May 18th 2017, and amendments to IFRS 17 were issued on June 25th 2020. The amended standard is effective for annual periods beginning on or after January 1st 2023. IFRS 17 *Insurance Contracts* will replace existing IFRS 4, which provides for diverse practices in accounting for insurance contracts. IFRS 17 will substantially change the accounting practices of all entities that deal with insurance contracts and investment agreements.

Amendment to IAS 1 *Presentation of Financial Statements* and the IASB Practice Statement on Disclosure of Accounting Policies
The amendment to IAS 1 requires entities to disclose their material accounting policy information, which is defined in the Standard. It clarifies that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. In addition, the IASB's guidance was amended with respect to the application of the materiality concept in practice, to provide guidance on the application of the materiality concept to accounting policy disclosures. The amendment applies from January 1st 2023.

Amendment to IAS 8 ***Accounting Policies, Changes in Accounting Estimates and Errors***
In February 2021, the IASB issued an amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as regards the definition of accounting estimates. The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The amendment applies from January 1st 2023.

Amendments to IAS 12 ***Income Taxes***
The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning obligations. Prior to the amendments, it was not clear whether the initial recognition exception applied to such transactions, i.e., transactions that lead to the recognition of both deferred tax assets and liabilities. 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 at the time of initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for financial statements for periods beginning on or after January 1st 2023. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendments to IAS 1 ***Presentation of Financial Statements***
The IASB has published amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments are effective for financial statements for periods beginning on or after January 1st 2023. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Amendment to IFRS 17 ***Insurance Contracts***
The amendment relates to transition requirements following the initial application of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*. The purpose of the amendment is to ensure the usefulness of financial information for investors during the period of initial application of the new standard by introducing certain expedients with respect to the presentation of comparative data. The amendment relates to the application of the new standard by insurers only – it does not affect any other requirements of IFRS 17. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

5. Significant assessments and estimates

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

6. Seasonality

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

7. Functional and reporting currency

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

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

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

NBP mid rate at end of reporting period	September 30th 2022	December 31st 2021
CZK	0.1980	0.1850
RON	0.9838	0.9293

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

NBP mid rate in reporting period	9 months 2022	9 months 2021
CZK	0.1904	0.1771
RON	0.9497	0.9270

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

8. Revenue from contracts with customers

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

	Period ended September 30th 2022	Period ended September 30th 2021
Revenue from sale of merchandise	2,094,989	1,672,932
including:		
Sales of merchandise – Poland	*1,055,748*	*915,811*
Sales of merchandise – EU	*1,021,179*	*745,629*
Sales of merchandise – other exports	*18,062*	*11,492*
Revenue from rendering of services	2,745	1,601
including:		
Sales of services – Poland	*1,222*	*467*
Sales of services – EU	*1,523*	*1,134*
Total revenue from contracts with customers	2,097,734	1,674,533

9. Costs by nature and function of expense

	Period ended September 30th 2022	Period ended September 30th 2021
Depreciation and amortisation	(23,703)	(19,340)
Raw materials and consumables used	(21,227)	(14,126)
Services	(227,257)	(152,715)
Taxes and charges	(2,549)	(1,588)
Employee benefits expense *)	(134,116)	(98,699)
Other costs by nature of expense	(5,447)	(8,341)
Merchandise and materials sold	(1,474,905)	(1,196,107)
Total costs by nature of expense	(1,889,204)	(1,490,916)
Cost of sales	(1,474,908)	(1,197,192)
Distribution costs and marketing expenses	(246,525)	(174,473)
Warehousing (logistics) costs	(131,763)	(98,124)
Management and administrative expenses	(36,008)	(21,127)
Total costs by function of expense	(1,889,204)	(1,490,916)

*) On February 26th 2021, the Company filed an application with the Provincial Labour Office in Katowice for grant to subsidise remuneration for employees not covered by any economic downtime or reduced amount of working time, due to the decline in turnover caused by the COVID-19 pandemic. The application was submitted pursuant to Art. 15gg of the Act on special arrangements to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz. U. of 2020s, item 374, as amended). Amount requested: PLN 11,240,302.08, including: grant for social security contributions: PLN 1,648,794.12, grant for employee remuneration: PLN 9,591,507.96. On March 16th 2021, the Company's bank account was credited with the amount of PLN 7,493,534.72 under the first and second tranches of the grant. On April 16th 2021, the Company received one more tranche of the grant, in the amount of PLN 3,746,767.36, as per the application. In accordance with the application, the grants were used to pay employee remuneration and social security contributions for February, March and April 2021. Following full settlement of the application, the final amount of the grant totalled PLN 8,855,188.20, with PLN 2,385,113.88 returned by the Company to the bank account of the Provincial Labour Office in Katowice.

Below is presented the effect of the grants received as at September 30th 2021:

	Period ended September 30th 2021	grant amount	Period ended September 30th 2021
	excluding grants		including grants
Depreciation and amortisation	(19,340)	-	(19,340)
Raw materials and consumables used	(14,126)	-	(14,126)
Services	(152,715)	-	(152,715)
Taxes and charges	(1,588)	-	(1,588)
Employee benefits expense *)	(107,554)	8,855	(98,699)
Other costs by nature of expense	(8,341)	-	(8,341)
Merchandise and materials sold	(1,196,107)	-	(1,196,107)
Total costs by nature of expense	(1,499,771)	8,855	(1,490,916)
Cost of sales	(1,197,192)	-	(1,197,192)
Distribution costs and marketing expenses	(178,125)	3,652	(174,473)
Warehousing (logistics) costs	(102,857)	4,733	(98,124)
Management and administrative expenses	(21,597)	470	(21,127)
Total costs by function of expense	(1,499,771)	8,855	(1,490,916)

10. Other net gains (losses)

	Period ended September 30th 2022	Period ended September 30th 2021
Foreign exchange gains or losses on operating activities – unrealised	4,791	1,351
Foreign exchange gains or losses on operating activities – realised	(162)	625
Gains/losses on impairment of receivables	(990)	(586)
Other	279	(60)
Other gains (losses) net	3,918	1,330

11. Finance income

	Period ended September 30th 2022	Period ended September 30th 2021
Gains on realised currency forward contracts measured at fair value through profit or loss	-	-
Foreign exchange gains (losses) on financing activities	-	-
Interest on loans	80	58

Interest on trade receivables	71	49
Other finance income	30	4
Total finance income	181	111

12. Finance costs

	Period ended September 30th 2022	Period ended September 30th 2021
Interest expense:		
Interest on term and overdraft facilities	(11,023)	(1,073)
Interest on non-bank borrowings from related entities	(1,001)	(1,001)
Interest on lease liabilities (other leases)	(2,375)	(1,287)
Interest on lease liabilities (office and warehouse space leases)	(1,280)	(835)
Interest on factoring liabilities	-	-
Other interest expense	(24)	(14)
	(15,703)	(4,210)
Other finance costs:		
Losses on realised currency forward contracts measured at fair value through profit or loss	-	-
Foreign exchange gains (losses) on financing activities	(2,492)	(123)
Credit commissions and fees	(576)	(820)
Factoring commissions and fees	(45)	(50)
Other finance costs	(49)	(19)
	(3,162)	(1,012)
Total finance costs	(18,865)	(5,222)

13. Income tax

	Period ended September 30th 2022	Period ended September 30th 2021
Profit before tax	193,476	178,913
Income tax at 19%	(36,760)	(33,993)
Permanent differences	(212)	(538)
Total income tax disclosed in the statement of comprehensive income	(36,972)	(34,531)
including:		
Current income tax:		
For current year	(40,380)	(31,641)
For previous years	(115)	-
	(40,495)	(31,641)
Deferred income tax:		
For current year	3,523	(2,890)
	3,523	(2,890)
	(36,972)	(34,531)

Profit before tax	193,476	178,913
Income tax	36,972	34,531
Effective tax rate	19.11%	19.30%

Current tax assets and liabilities

	As at September 30th 2022	As at December 31st 2021

Current tax assets	-	221

Current tax liability	20,299	23,724

14. Property, plant and equipment

–	As at September 30th 2022	As at December 31st 2021
Buildings and structures	74,359	48,802
Machinery and equipment	58,371	45,440
Vehicles	13,641	11,649
Other	46,555	42,246
Property, plant and equipment under construction	55,317	21,200
Total carrying amount of property, plant and equipment	248,243	169,337

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

–	As at September 30th 2022	As at December 31st 2021
Buildings and structures	71,514	46,065
Machinery and equipment	34,125	28,921
Vehicles	9,100	7,464
Other	24,589	25,208
Property, plant and equipment under construction (i)	22,516	17,995
Total carrying amount of property, plant and equipment under right-of-use arrangements	161,844	125,653

–	Period ended September 30th 2022	Period ended September 30th 2021
Buildings and structures	10,694	9,001
Machinery and equipment	3,859	3,450
Vehicles	897	779
Other	960	867
Total depreciation of property, plant and equipment under right-of-use arrangements	16,410	14,097

Right-of-use assets are mainly contracts for lease of cars, storage racks, internal transport and handling systems, as well as office space and hardware rental contracts. Items of property, plant and equipment disclosed as used under lease contracts are secured with lessors' rights to leased assets. For information on lease liabilities, see Note 23.

As at September 30th 2022, the net carrying amount of property, plant and equipment financed with a borrowing (Note 21) was PLN 6 thousand (December 31st 2021: PLN 16 thousand), and was secured with the lender's rights.

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

Movements in property, plant and equipment	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross carrying amount as at December 31st 2020	68,142	56,394	18,777	46,710	5,429	195,452
Increase						
Purchase	938	5,337	368	2,620	2,697	11,960
Accounting for property, plant and equipment under construction – purchase	-	1,076	-	321	(1,397)	-
Leases	15,172	7,180	3,054	6,824	17,995	50,225
Accounting for property, plant and equipment under construction – leases	-	3,524	-	-	(3,524)	-
Other	-	9	-	(3)	-	6
Decrease						
Disposal	-	(243)	(674)	(374)	-	(1,291)
Retirement	-	(21)	(110)	(45)	-	(176)
Other	1	-	15	(2)	-	14
Gross carrying amount as at December 31st 2021	84,253	73,256	21,430	56,051	21,200	256,190
Increase						
Purchase	438	6,419	154	2,661	12,203	21,875
Accounting for property, plant and equipment under construction – purchase	17	135	-	450	(602)	-
Leases	36,147	13,070	3,369	3,694	22,516	78,796
Accounting for property, plant and equipment under construction – leases	-	-	-	-	-	-
Other	-	2	(9)	-	-	(7)
Decrease						
Disposal	-	(23)	(400)	(69)	-	(492)
Retirement	-	-	(60)	-	-	(60)
Other	(4)	(70)	-	(3)	-	(77)
Gross carrying amount as at September 30th 2022	120,851	92,789	24,484	62,784	55,317	356,225
Accumulated depreciation as at December 31st 2020	22,889	20,613	8,490	11,203	-	63,195
Depreciation in period	12,562	7,359	1,700	2,743	-	24,364
Disposal	-	(156)	(463)	(141)	-	(760)
Retirement	-	-	(33)	-	-	(33)
Other	-	-	87	-	-	87
Accumulated depreciation as at December 31st 2021	35,451	27,816	9,781	13,805	-	86,853
Depreciation in period	11,040	6,621	1,428	2,488	-	21,577
Disposal	-	(19)	(312)	(55)	-	(386)
Retirement	-	-	(51)	-	-	(51)
Other	1		(3)	(9)	-	(11)
Accumulated depreciation as at September 30th 2022	46,492	34,418	10,843	16,229	-	107,982
Net carrying amount as at December 31st 2021	48,802	45,440	11,649	42,246	21,200	169,337
Net carrying amount as at September 30th 2022	74,359	58,371	13,641	46,555	55,317	248,243

15. Intangible assets

–	As at September 30th 2022	As at December 31st 2021
Software	14,658	10,132
Intangible assets under development	10,219	10,429
Total carrying amount of intangible assets	24,877	20,561

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

–	As at September 30th 2022	As at December 31st 2021
Software	3,554	3,681
Total carrying amount of right-of-use intangible assets	3,554	3,681

–	Period ended September 30th 2022	Period ended September 30th 2021
Software	381	136
Total amortisation of right-of-use intangible assets	381	136

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at December 31st 2020	20,335	336	5,591	26,262
Increase				
Purchase	546	-	6,137	6,683
Accounting for intangible assets under development – purchase	1,042	-	(1,042)	-
Leases	3,222	-	-	3,222
Accounting for intangible assets under development – leases	-	-	-	-
Other	-	-	(257)	(257)
Decrease				
Other	-	7	-	7
Gross carrying amount as at December 31st 2021	25,145	343	10,429	35,917
Increase				
Purchase	2,242	-	4,200	6,442
Accounting for intangible assets under development – purchase	4,410	-	(4,410)	-
Leases	-	-	-	-
Accounting for intangible assets under development – leases	-	-	-	-
Other	16	-	-	16
Decrease				
Other	-	-	-	-
Gross carrying amount as at September 30th 2022	31,813	343	10,219	42,375
Accumulated amortisation as at December 31st 2020	13,200	336	-	13,536
Amortisation in period	1,813	-	-	1,813
Other	-	7	-	7
Accumulated amortisation as at December 31st 2021	15,013	343	-	15,356
Amortisation in period	2,126	-	-	2,126
Other	16	-	-	16
Accumulated depreciation as at September 30th 2022	17,155	343	-	17,498
Net carrying amount as at December 31st 2021	10,132	-	10,429	20,561
Net carrying amount as at September 30th 2022	14,658	-	10,219	24,877

16. Investments in other entities

	As at September 30th 2022	As at December 31st 2021
Shares in other entities	110	110
Total	110	110

17. Other financial assets

	As at September 30th 2022	As at December 31st 2021
Loans measured at amortised cost		
Loans to other entities	5	20
Total	5	20
Long-term	1	8
Short-term	4	12
Total	5	20

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

18. Inventories and right-of-return assets

18.1 Inventories

Merchandise is stored at central and subsidiary warehouses and is insured against theft, burglary and robbery, as well as fire and other natural calamities.

	As at September 30th 2022	As at December 31st 2021
Merchandise	872,055	748,956
Write-downs	(11,417)	(10,450)
Total	860,638	738,506

Change in inventory write-downs

	Period ended September 30th 2022	Period ended September 30th 2021
At beginning of period	10,450	7,517
Decrease	(1,650)	(1,398)
Increase	2,617	3,093
As at end of period	11,417	9,212

The cost of inventory write-downs comprises write-downs of inventories to their net realisable value as well as write-downs for goods that are of inferior quality or damaged.

Inventories pledged as security

The Group created a registered pledge over inventories as security for bank borrowings; for details, see Note 21. The amount of liabilities secured with the pledge is presented below.

–	As at September 30th 2022	As at December 31st 2021
Liabilities secured with pledge on inventories	251,322	234,773

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

Recognised inventory cost

–	Period ended September 30th 2022	Period ended September 30th 2021
Cost of sales	(1,474,908)	(1,197,192)
Distribution costs	(3,999)	(3,393)
Total inventory cost recognised	(1,478,907)	(1,200,585)

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

18.2 Right-of-return assets

Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Group estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period's turnover. An asset is created in connection with the recognition of an estimated decrease in the cost of merchandise sold relating to the estimated right to return merchandise.

	As at September 30th 2022	As at December 31st 2021
Right-of-return assets	15,391	10,859

19. Trade and other receivables

	As at September 30th 2022	As at December 31st 2021
Trade receivables payable up to 12 months	209,036	184,042
Trade receivables payable in more than 12 months	2,508	1,524
Impairment losses on trade receivables	(7,849)	(6,561)
Total trade receivables	203,695	179,005
Income receivable from participation in Global One purchasing group (i)	17,890	21,766

Impairment loss on income receivable from participation in the Global One purchasing group (i)	(537)	(648)
Finance lease receivables	-	5
Receivables from card system operators	1,884	1,179
Rent deposits receivable (ii)	1,965	1,762
Other financial receivables	5,161	4,883
Impairment losses on other receivables	(871)	(902)
Total trade and other financial receivables	229,187	207,050
Prepaid deliveries	14,325	13,522
Receivables on sale of property, plant and equipment	-	8
Prepayments and accrued income	9,081	5,362
VAT tax to be settled in future periods/refunded to bank account	17,541	18,991
Other non-financial receivables	318	239
Total non-financial receivables	41,265	38,122
Total trade and other receivables	270,452	245,172
Other long-term receivables	4,082	3,638
Trade and other receivables	266,370	241,534
Total trade and other receivables	270,452	245,172

(i) Income receivable from participation in the Global One Automotive GmbH purchasing group is the amount of additional discounts on purchases made in a given financial year. An impairment loss was recognised on receivables not past due as coverage of impairment risk.

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

The amount of credit loss allowance by the past due date groups of receivables is presented below.

	As at September 30th 2022	As at December 31st 2021
not past due	409	259
past due 1-30 days	53	38
past due 31-90 days	79	76
past due 91-120 days	89	152
past due 121-180 days	86	273
past due 181-360 days	556	346
over 360 days	6,577	5,417
Total impairment losses on trade receivables	7,849	6,561

The change in the amount of the credit loss allowances for other receivables is presented below.

	Period ended September 30th 2022	Period ended September 30th 2021
At beginning of period	902	882
Increase	-	60
Decrease	(31)	(108)
As at end of period	871	834

Trade and other receivables pledged as security

Trade receivables are pledged as security for credit facilities; for details, see Note 21. The amount of receivables pledged as security in the reporting periods is presented below.

	As at September 30th 2022	As at December 31st 2021
Receivables pledged as security	102,570	72,937

20. Equity

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

	As at September 30th 2022	As at December 31st 2021
Fully paid-up share capital	13,062	13,062
Series A ordinary bearer shares	1	1
Series B ordinary bearer shares	111	111
Series C ordinary bearer shares	160	160
Series D ordinary bearer shares	48,320	48,320
Series E ordinary bearer shares	39,964	39,964
Series F ordinary bearer shares	4,444	4,444
Series G ordinary bearer shares	1,000	1,000
Series H ordinary bearer shares	23,000	23,000
Series I ordinary bearer shares	2,070	2,070
Series J ordinary bearer shares	11,550	11,550
Total (thousands of shares)	130,620	130,620
Par value per share (PLN)	0.10	0.10
Total par value	13,062	13,062

	As at September 30th 2022	As at December 31st 2021
Share capital issued	13,062	13,062
Share premium	106,299	106,299
Capital from issue of warrants	2,103	2,103
Exchange differences on translation of foreign operations	(1,187)	(685)
Reserve funds from distribution of profit	515,124	348,693
Undistributed profit (loss)	156,504	186,024
Total equity	791,905	655,496

21. Borrowings

	As at September 30th 2022	As at December 31st 2021
Unsecured – at amortised cost		
Borrowings from related entities	27,701	28,035
	27,701	28,035
Secured – at amortised cost		

Overdraft facilities	104,031	167,577
Bank borrowings	147,291	67,196
Other borrowings	6	16
	251,328	234,789
Total borrowings	279,029	262,824
Current liabilities (ix)	155,329	168,928
Non-current liabilities	123,700	93,896
Total borrowings	279,029	262,824

Credit facility agreements and non-bank borrowings:

	As at September 30th 2022	As at December 31st 2021
floating interest rate:		
ING Bank Śląski S.A./working capital facility under multi-product facility agreement/sub-limit facility within multi-product facility limit (i)	39,588	77,300
ING Bank Śląski S.A./working capital facility /sub-limit facility within multi-product facility limit (i)	97,226	67,196
Santander Bank Polska S.A./working capital facility (ii)	-	20,220
Santander Bank Polska S.A./working capital facility (ii)	25,000	-
mBank S.A./working capital facility (iii)	45,812	50,089
BNB Paribas Bank Polska S.A./working capital facility (vi)	18,631	19,968
BNB Paribas Bank Polska S.A./working capital facility (vii)	25,065	-
UniCredit Leasing a.s./loans to finance purchase of property, plant and equipment (v)	6	16
fixed interest rate:		
Shareholder loan agreement (iv)	27,701	28,035
Total	279,029	262,824

(i) Credit facility agreement – ING Bank Śląski S.A.

On October 19th 2015, the parent and ING Bank Śląski signed multi-facility agreement No. 882/2015/00000925/00, as amended. Maxgear Sp. z o.o. Sp.kom., a subsidiary, acceded to the agreement as joint and several debtor. The joint and several debtor agreed to pay all liabilities arising from the agreement. The amount of the credit limit is PLN 177,000,000.00, repayable by October 10th 2024. Within this limit, a sub-limit of PLN 40,000,000.00 was provided to the subsidiary. Security: (a) registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) of up to PLN 270m, (b) registered pledge over inventories of merchandise (spare car parts) owned by Auto Partner S.A., located at ul. Ekonomiczna 20, in Bieruń, Poland, of up to PLN 270m, (c) assignment of rights under the insurance policy covering the pledged inventories, (d) declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 270m, (e) declaration on voluntary submission to enforcement by Maxgear Sp. z o.o. Sp. z o.o. under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 270m, (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700,000.00.

(ii) Credit facility agreement – Santander Bank Polska S.A.

On September 26th 2016, the parent and Bank Zachodni WBK S.A. signed multi-facility agreement No. K00922/16, as amended. The multi-facility amount is PLN 65,000,000.00 (through the addition of a new revolving credit facility sub-limit of PLN 25,000,000 to finance day-to-day operations), repayable by March 31st 2023. The facility is secured with: a) registered pledge over all inventories of merchandise stored at the warehouses specified in the pledge agreement or other locations approved by the Bank, with a minimum value of PLN 97,500,000.00; b) assignment of receivables to the Bank under the insurance policy covering the pledged assets; c) subordination of claims under a loan provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000,000.00; d) registered pledge over trade receivables from trading partners, as per the list attached as an appendix to the pledge agreement, with a minimum amount of PLN 12,000,000.00; e) declaration on voluntary submission to enforcement of the Bank's claims arising under the agreement, made under Art. 777.1 of the Code of Civil Procedure, to be submitted to the Bank.

(iii) Credit facility – mBank S.A.

On October 22nd 2019, the Company and mBank S.A. signed an overdraft facility agreement No. 11/145/19/Z/VV, as amended. The amount of the facility is PLN 50,000,000.00, repayable by September 30th 2025. The credit facility is secured with: (a) a registered pledge over inventories of merchandise with a value of PLN 75m, (b) assignment of rights under an inventory insurance contract for the pledged inventories, (c) declaration on submission to enforcement by the Company under Art. 777.1.5 of the Code of Civil Procedure, up to PLN 75m, (d) subordination of claims under the loans provided by Katarzyna Górecka and Aleksander Górecki of up to PLN 26,000,000.00.

(iv) Shareholder loan agreement

On January 2nd 2014, the parent, Aleksander Górecki and Katarzyna Górecka signed a loan agreement, as amended, with the loan repayable by January 2nd 2024. The borrowing is not secured and bears interest at the rate of 5% per annum. The outstanding principal amount is PLN 26,700,000.00. The carrying amount of the loan as at September 30th 2022 included interest accrued for the period from January 1st to September 30th 2022, of PLN 1,001 thousand.

(v) Agreements for financing of property, plant and equipment – UniCredit Leasing a.s.

On June 21st 2019, agreement (No. 1132304215) was signed to finance property, plant and equipment, for a total amount of CZK 149,479.00, with the lease term of 48 months. The financing is secured with the lessor's security interest in the leased assets.

(vi) Credit facility agreement – BNP Paribas Bank Polska S.A.

On September 13th 2021, Multi-Purpose Facility Agreement No. WAR/8806/21/537/CB (subsequently amended) was signed with BNP Paribas Bank Polska S.A. of Warsaw. The Company was granted a multi-purpose facility, including an overdraft facility of up to PLN 30,000,000, to finance the day-to-day operations of Auto Partner S.A., repayable by September 12th 2023. Under the facility, a sub-limit of PLN 30,000,000 was provided to Maxgear Sp. z o.o. Sp.k. Collateral: 1) declaration by Auto Partner S.A. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 45,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 12th 2034; 2) declaration by Maxgear Sp. z o.o. Sp. kom. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 30,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; 3) registered pledge with the maximum security amount of PLN 45,000,000.00 over inventories of merchandise held by Auto Partner S.A. in its own and leased locations (not encumbered in favour of another pledgee), in accordance with a separate pledge agreement, with a total value of not less than PLN 36,000,000.00. Until the pledge is created, security in the form of assignment in favour of the Bank of the assets subject to the future pledge will remain in effect; 4) assignment of rights under an insurance policy in favour of the Bank in respect of the pledged assets, with the proviso that the sum insured may not be less than PLN 30,000,000.00; 5) agreement on subordination of the loan provided by Aleksander Górecki and Katarzyna Górecka under an agreement of January 2nd 2014 of up to PLN 26,000,000.00 to the facility.

(vii) Credit facility agreement – BNP Paribas Bank Polska S.A.

On January 24th 2022, the Company executed Revolving Credit Facility Agreement No. WAR/8806/22/17/CB with BNP Paribas Bank Polska S.A. of Warsaw. Under the agreement, a credit facility of PLN 25,000,000.00 (twenty-five million złoty) was advanced to finance the Company's day-to-day operations, repayable by September 12th 2023. The credit facility is secured with: 1) a registered pledge with the maximum security amount of PLN 37,500,000.00 over inventories of the borrower's merchandise held at the borrower's branches, 2) the borrower's declaration on submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of the contractual payment obligations, for up to PLN 37,500,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for January 30th 2023, 3) assignment of rights under an insurance contract for the pledged inventories in favour of the Bank, with the proviso that the sum insured may not be less than PLN 25,000,000.00, 4) an agreement on subordination of claims under the loans provided to the borrower by Katarzyna Górecka and Aleksander Górecki to the credit facility.

(viii) Investment facility agreement – Credit Agricole Bank Polska S.A.

On September 13th 2022, the Company executed investment credit facility agreement No. KRI/S/8/2022 with Credit Agricole Bank Polska S.A. of Wrocław. Under the agreement, a credit facility of PLN 10,000,000.00 (ten million złoty) was advanced to finance and refinance the Company's capital expenditure, repayable by September 16th 2027. The credit facility is secured with: 1) registered pledge over the equipment financed with funds drawn on the facility, of up to 120% of the amount disbursed by the Bank under the facility, 2) assignment of any claims under insurance policies covering the equipment financed with funds drawn on the facility, of up to 120% of the amount disbursed by the Bank under the facility, 3) subordination of a loan obtained from Katarzyna

Górecka and Aleksander Górecki of up to PLN 26,700,000.00, 4) submission to enforcement under Art. 777.1 of the Code of Civil Procedure in respect of payment of liabilities under the credit facility agreement, for up to PLN 12,000,000.00. As at the date of issue of this quarterly report, the credit facility was not drawn on.

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

22. Trade and other payables

22.1 Trade and other payables

	As at September 30th 2022	As at December 31st 2021
Trade payables due in up to 12 months	128,043	90,431
Taxes, customs duties, social security and other benefits payable	4,111	2,764
Liabilities arising from acquisition of property, plant and equipment and intangible assets	1,459	1,458
Other liabilities	487	225
	134,100	94,878
Non-current liabilities	-	-
Current liabilities	134,100	94,878
Total	134,100	94,878

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

22.2 Contract and right-of-return liabilities

	As at September 30th 2022	As at December 31st 2021
Contract liabilities	732	413
Right-of-return liabilities (i)	21,192	15,180
Total	21,924	15,593

(i) Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Group estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period's turnover. Contract liabilities are liabilities under contracts with customers.

23. Financial liabilities under lease contracts

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

Present value of lease liabilities	As at September 30th 2022	As at December 31st 2021
Current lease liabilities	40,110	32,509
Non-current lease liabilities	116,916	72,610

Total	157,026	105,119

IFRS 16 provides for exceptions to the lessee's general lease model for short-term leases and leases of low-value assets. In such cases, the Group does not recognise any right-of-use assets or lease liabilities. Provided below are the amounts expensed:

	Period ended September 30th 2022	Period ended September 30th 2021
Cost of short-term leases (i)	7,418	5,440
Cost of leases not disclosed due to the low value of underlying assets (ii)	996	652
Total	8,414	6,092

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

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

For disclosures relating to depreciation of property, plant and equipment and amortisation of right-of-use intangible assets, see Notes 14 and 15. For information on the amount of interest, see Note 12.

24. Employee benefit obligations and provisions

	As at September 30th 2022	As at December 31st 2021
Salaries and wages payable	9,130	7,465
Social security and Employee Capital Plan obligations	9,012	7,318
Provision for accrued holiday entitlements (iii)	3,746	3,368
Provision for retirement and disability benefit obligations (iii)	465	609
Provision for obligations under the Incentive Scheme for 2021 (ii)	-	2,160
Provision for obligations under the Incentive Scheme for 2022 (iv)	7,875	-
Obligation under the Incentive Scheme for 2020 (i)	538	1,613
Obligation under the Incentive Scheme for 2019 (i)	-	207
	30,766	22,740
Long-term employee benefit obligations and provisions	1,946	1,077
Short-term employee benefit obligations and provisions	28,820	21,663
Total	30,766	22,740

(i) On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for Members of the Management Board of Auto Partner S.A. The purpose of the Scheme is to establish an incentive mechanism that will ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and introduce a mechanism whereby members of the Management Board would be rewarded for their contribution to the growth of the Company's value. The Incentive Scheme is addressed to members of the Management Board: Andrzej Manowski, Piotr Janta and Michał Breguła. However, the mandate of Michał Breguła expired on September 7th 2019, i.e., during the reference period. The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,360,000.00 during the term of the Scheme, i.e. from 2019 to 2021. The Supervisory Board of Auto Partner S.A. defined further details of the Incentive Scheme Rules for members of the Management Boards of Auto Partner S.A. by deciding that the bonuses to be paid to the eligible members of the Management Board are calculated on the basis of financial data without taking into account the effect of IFRS 16 Leases with regard to contracts that are classified as finance leases under IFRS 16 but were not treated as finance leases under IAS 17, i.e.:

– depreciation adjusted for the amount of depreciation charge under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;

– lease liabilities adjusted for the amount of lease liabilities under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;

– EBIT adjusted for the effect of taking to profit or loss of the costs related to contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17.

On June 29th 2020, based on the Rules of the Incentive Scheme of April 9th 2019, Resolution No. 3 of the Supervisory Board of April 3rd 2020, the audited full-year consolidated financial statements of the Auto Partner Group for the financial year 2019 as approved by the Annual General Meeting on June 19th 2020, and the settlement of the business objectives set out in the Rules, the Supervisory Board decided to grant the following bonuses to the Scheme participants, i.e., Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board:

Piotr Janta, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000 in 2022; Andrzej Manowski, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000.00 in 2022.

On May 28th 2021, the Supervisory Board of the Company – acting pursuant to Section 5 of the Remuneration Policy for members of the Management Board and Supervisory Board of Auto Partner S.A. adopted by the General Meeting on June 19th 2020, and pursuant to Section 5.3 of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board adopted by a resolution of the Supervisory Board on April 9th 2019 (the "Rules"), and based on the data contained in the audited consolidated financial statements of the Auto Partner Group for 2020 that were approved by the Annual General Meeting on May 27th 2021, and the verification of delivery of the business targets provided for in the Rules – decided to grant the following bonuses for 2020 to the Incentive Scheme participants Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board: Piotr Janta, Vice President of the Management Board was granted a bosus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023; Andrzej Manowski, Vice President of the Management Board, was granted a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023.

Acting pursuant to the Incentive Scheme Rules adopted by the General Meeting of Maxgear Sp. z o.o. on May 30th 2019, On May 28th 2021 the Annual General Meeting of Maxgear Sp. z o.o. granted bonuses to members of the company's Management Board covered by the Incentive Scheme for the performance in 2020.

(ii) On September 10th 2021, the parent's Supervisory Board passed a resolution to approve the rules of awarding an incentive bonus to members of the Management Board of Auto Partner S.A. for 2021. In connection with early delivery of the 2019–2021 targets set in the Rules of the Incentive Scheme of April 9th 2019, approved by Resolution No. 3 of the Company's Supervisory Board of April 3rd 2019, in order to ensure continuity of the incentive system for members of the Management Board of Auto Partner S.A. in 2021, with the aim of the scheme being to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth, the Supervisory Board approved the 2021 terms and conditions for awarding an incentive bonus to Andrzej Manowski, Vice President of the Management Board, of Piotr Janta, Vice President of the Management Board, linked to the amount of consolidated net profit of the Auto Partner Group for the financial year 2021. The total amount of bonuses paid in accordance with the rules set out in the Supervisory Board's resolution will not exceed PLN 1,440,000 (one million, four hundred and forty thousand złoty).

On June 1st 2022, acting pursuant to Article 21.1 (n) of the Company's Articles of Association, Section 5.1-6 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A., and Section 1.4 of the Supervisory Board Resolution No. 1 of September 10th 2021 on adoption of the rules for granting incentive bonuses to Auto Partner S.A. Management Board Members for 2021, providing for payment of additional remuneration for appointment to the Company's Management Board, linked to the Company's financial performance, and also based on the data presented in the audited consolidated financial statements of the Auto Partner Group for the financial year 2021, approved by Annual General Meeting on May 31st 2022, and the review of the business targets set in the resolution, the Supervisory Board of Auto Partner S.A. decided to grant bonuses to the Eligible Persons: Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board, in the following amounts: Piotr Janta – Vice President of the Management Board: bonus of PLN 693,000 Andrzej Manowski – Vice President of the Management Board: bonus of PLN 693,000.

On September 10th 2021, the General Meeting of Maxgear Sp. z o.o. passed a resolution to approve the rules of awarding an incentive bonus for 2021 to the following members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak. Its terms will be the same as those applying to members of the Auto Partner S.A. Management Board. The total amount of bonuses paid under the resolution of the General Meeting to members of the Management Board of Maxgear Sp. z o.o. will not exceed PLN 720,000 (seven hundred and twenty thousand).

On June 1st 2022, the Annual General Meeting of Maxgear Sp. z o.o., acting pursuant to Resolution No. 1 of the General Meeting of September 10th 2021 on the rules of granting an incentive bonus to members of the Management Board of MAXGEAR Spółka z o.o. for 2021, providing for payment of additional remuneration for appointment to the company's Management Board, linked to the financial performance of the Auto Partner Group, granted a bonus to the Management Board Members covered by the scheme for the performance recorded in 2021.

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

(iv) On September 10th 2021, the Company's Supervisory Board passed a resolution to approve the Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A., providing for the payment for 2021 of additional remuneration for the appointment to the Company's Management Board, linked to the Company's financial performance. The Scheme is intended for the following members of the Company's Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that would ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company's website https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen.The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the scheme.
On January 10th 2022, the General Meeting of Maxgear sp. z o.o. passed a resolution to approve the Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak, with the same terms as those applying to members of the Auto Partner S.A. Management Board. The total amount of bonuses paid in accordance with the Rules to members of the Management Board of Maxgear sp. z o.o. will not exceed PLN 4,000,000 during the term of the Scheme.

The table below shows changes in provisions:

	Period ended September 30th 2022	Period ended September 30th 2021
Provision for accrued holiday entitlements	(378)	(794)
Provision for retirement and disability benefit obligations	144	(211)
Provision for obligations under the Incentive Scheme for 2019	207	418
Provision for obligations under the Incentive Scheme for 2020	1,075	3,765
Provision for obligations under the Incentive Scheme for 2021	2,160	(1,350)
Provision for obligations under the Incentive Scheme for 2022	(7,875)	-
Total	(4,667)	1,828

	As at December 31st 2021	recognised	reversed	Used	As at September 30th 2022
Provision for accrued holiday entitlements	3,368	3,102	-	(2,724)	3,746
Provision for retirement and disability benefit obligations	609	-	(144)	0	465
Provision for obligations under the Incentive Scheme for 2019	207	-	-	(207)	-
Provision for obligations under the Incentive Scheme for 2020	1,613	-	-	(1,075)	538
Provision for obligations under the Incentive Scheme for 2021	2,160	-	(82)	(2,078)	-
Provision for obligations under the Incentive Scheme for 2022	-	7,875	-	-	7,875
Total	7,957	10,977	(226)	(6,084)	12,624

25. Provisions

	As at September 30th 2022	As at December 31st 2021
Provisions for warranty repairs	3,802	3,802
Other provisions	3,407	6,044

Total	7,209	9,846
including:		
Long-term provisions	-	-
Short-term provisions	7,209	9,846

26. Financial instruments

	As at September 30th 2022	As at December 31st 2021
Financial assets		
Measured at fair value through profit or loss:	-	-
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Measured at amortised cost:	259,714	224,001
Cash	*30,522*	*16,936*
Trade and other financial receivables	*229,187*	*207,045*
Loans	*5*	*20*
Measured at fair value through other comprehensive income	-	-
Financial receivables excluded from the scope of IFRS 9 – finance lease receivables	-	5
Financial receivables excluded from the scope of IFRS 9 – shares	110	110
Financial liabilities		
Measured at fair value through profit or loss:	-	-
Held for trading	-	-
Classified for measurement at fair value through profit or loss:	-	-
Hedging derivatives	-	-
Measured at amortised cost:	409,263	355,126
Trade payables	*128,043*	*90,431*
Contract liabilities	*732*	*413*
Liabilities arising from acquisition of property, plant and equipment and intangible assets	*1,459*	*1,458*
Borrowings	*279,029*	*262,824*
Non-IFRS 9 financial liabilities – lease liabilities	157,026	105,119

Fair value

The Group recognises derivative financial instruments for which changes in fair value are attributable to changes in market conditions (i.e., exchange rate movements) as financial assets and liabilities measured at fair value through profit or loss. In the reporting period ended December 31st 2021 and September 30th 2022, the Group did not enter into any currency forwards.

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

27. Related-party transactions

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

Below are presented transactions with entities with personal links to members of the Management Board and the Supervisory Board and transactions with members of the management boards of the subsidiaries.

Sales of goods and services and other income	Period ended September 30th 2022	Period ended September 30th 2021
entities related to members of the Management Board and the Supervisory Board	154	-
including:		
sales of goods	*4*	*-*
re-charge of costs	*150*	*-*
members of management boards of subsidiaries	15	158
including:		
sales of goods	*3*	*28*
re-charge of costs	*12*	*130*
Total	169	158

Purchase of goods and services and other purchases	Period ended September 30th 2022	Period ended September 30th 2021
entities related to members of the Management Board and the Supervisory Board	1,311	1,103
including:		
purchase of services	*1,311*	*1,103*
members of management boards of subsidiaries	187	158
including:		
purchase of services	*187*	*158*
Total	1,498	1,261

Receivables	As at September 30th 2022	As at December 31st 2021
entities related to members of the Management Board and the Supervisory Board	158	5
members of management boards of subsidiaries	2	2
Total	160	7

Liabilities	As at September 30th 2022	As at December 31st 2021
entities related to members of the Management Board and the Supervisory Board	193	-
members of management boards of subsidiaries	40	7
Total	233	7

Below are presented transactions with and remuneration of members of the Management Board and the Supervisory Board.

Sales of goods and services and other income	Period ended September 30th 2022	Period ended September 30th 2021
Management Board members	23	22
including:		
re-charge of costs	*23*	*22*
Total	23	22

Receivables	As at September 30th 2022	As at December 31st 2021
Management Board members	270	217
Total	270	217

Salaries	Period ended September 30th 2022	Period ended September 30th 2021
Management Board members	5,787	4,032
Members of management boards of subsidiaries	2,805	2,109
Supervisory Board	119	91
Total	8,711	6,232

Obligation under the Incentive Scheme	As at September 30th 2022	As at December 31st 2021
Management Board members (Note 24)	348	1,177
Members of management boards of subsidiaries (Note 24)	190	643
Total	538	1,820

Loans received from shareholders are presented below.

Loans received	As at September 30th 2022	As at December 31st 2021
Shareholder loan (Note 21)	27,701	28,035
Total	27,701	28,035

Finance costs	Period ended September 30th 2022	Period ended September 30th 2021
Interest expense recognised	(1,001)	(1,001)
Total	(1,001)	(1,001)

28. Dividend

On March 28th 2022, the Management Board of the Company passed a resolution to request the Annual General Meeting ("AGM") to pay dividend for the financial year 2021. Pursuant to the resolution, the Management Board recommended payment to the Company's shareholders of dividend of PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty), i.e., PLN 0.15 (fifteen grosz) per share. At the meeting held on April 11th 2022, the Supervisory Board gave a favourable opinion on the Management Board's recommendation. At its meeting held on May 31st 2022, the Annual General Meeting passed a resolution granting the request, setting June 8th 2022 as the dividend record date. The dividend was paid on June 22nd 2022.

29. Contingent liabilities, future contract liabilities, sureties provided and received, and contingent assets

Bank guarantees:

– PLN 42 thousand bank guarantee No. KLG57699IN19 of March 1st 2019, provided in connection with commercial property lease contract of February 15th 2019, valid until May 6th 2024, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 21

– PLN 2,000 thousand bank guarantee No. DOK3617GWB19KW of October 18th 2019, provided in connection with a distribution agreement (as amended), valid until December 31st 2022, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 21

– PLN 652 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until August 31st 2023, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 21

– PLN 190 thousand bank guarantee No. DOK2418GWB20TI of July 27th 2020, provided in connection with a contract for rent of property in Pruszków, valid until August 31st 2023, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

- EUR 213 thousand bank guarantee No. DOK4042GWB21KW of October 13th 2021, provided in connection with a contract for rent of property in Poznań, valid until June 29th 2025, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

– EUR 214 thousand bank guarantee No. DOK1141GWB22WS of March 25th 2022 (as amended), provided in connection with a contract for rent of property in Mysłowice, valid until September 30th 2024, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

– PLN 68 thousand bank guarantee No. DOK1330GWB22KW of April 12th 2022, provided in connection with a contract for rent of property in Tychy, valid until March 31st 2025, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 21.

Insurance policies

The Group took out insurance of its merchandise against theft, burglary and robbery, as well as insurance against fire and other natural calamities. If any of the insured risks materialises, the Group will receive relevant compensation from the insurer.

The Group took out insurance against the credit risk of some of its domestic and foreign customers. Under the policy, the Group is entitled to compensation for insured and unpaid receivables.

Tax liabilities

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

Undisclosed liabilities under contracts

The Group entered into contracts which will be classified as leases under IFRS 16, however the liabilities under the contracts are not disclosed as at the reporting date due to the failure to make the leased assets available for use by the Group by September 30th 2022. The assets leased under the contracts are vehicles, IT equipment, fork-lifts, and warehouse racks. As at September 30th 2022, the present value of future lease liabilities under the contracts was PLN 3,237 thousand.

30. Components of cash and reconciliation of cash to the statement of cash flows

	As at September 30th 2022	As at September 30th 2021
Cash in hand	1,221	1,127
Cash at banks	24,675	20,540
Cash in transit	4,626	4,911
Total cash and cash equivalents in the statement of financial position	30,522	26,578
Effect of exchange rate movements on net cash in foreign currencies	(161)	(24)
Total cash and cash equivalents in the statement of cash flows	30,361	26,554
including restricted cash - Split Payment accounts	*1492*	*4,006*

31. Events subsequent to the reporting date

On November 14th 2022, Annex 2 to Multi-Purpose Facility Agreement No. WAR/8806/21/537/CB of September 13th 2021 was signed with BNP Paribas S.A. of Warsaw. Under the annex, the Company was granted a multi-purpose facility, including an overdraft facility, of up to PLN 50,000,000.00. Under the facility, a sub-limit of PLN 35,000,000 was provided to Maxgear Sp. z o.o. Sp.k. Collateral: 1) declaration by Auto Partner S.A. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 75,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 12th 2034; 2) declaration by Maxgear Sp. z o.o. Sp. kom. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 52,500,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; 3) registered pledge with the maximum security amount of PLN 60,000,000.00 over inventories of merchandise held by Auto Partner S.A. in its own and leased locations (not encumbered in favour of another pledgee), in accordance with a separate pledge agreement, with a total value of not less than PLN 60,000,000.00. 4) assignment of rights under an insurance policy in favour of the Bank in respect of the pledged assets, with the proviso that the sum insured may not be less than PLN 50,000,000.00; 5) agreement on subordination of the loan provided by Aleksander Górecki and Katarzyna Górecka under an agreement of January 2nd 2014 of up to PLN 26,000,000.00 to the facility.

32. Impact of the COVID-19 pandemic on the Group's business

As regards the consequences of the coronavirus pandemic, in the nine months ended September 30th 2022 the Group did not identify any impediments to its business or any direct impact on its financial performance.

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

Following the Russian invasion of Ukraine launched on February 24th 2022, the Management Board assessed the impact of this event on its operations, business continuity, financial condition and going concern assumption. The Group's exposure to the Ukrainian market is negligible, accounting for less than 0.5% of its monthly revenue. To manifest solidarity with Ukraine, the Group suspended its business on the Russian and Belarusian markets, closed all its representative offices and discontinued the export of aftermarket parts to both Russia and Belarus. The Group's exports to the Russian and Belarusian markets account for 0.1% and 0.02%, respectively, of its monthly revenue. However, the Management Board notes that the event's impact on the overall economic situation may require revision of certain assumptions and estimates in the future. This, in turn, may necessitate significant adjustments to the carrying amounts of certain assets and liabilities in the next financial year. At present, given the continuing high uncertainty about how the situation will develop, the Management Board is not able to reliably estimate its impact on the Group's performance. The situation is highly unpredictable and therefore the current expectations may change in the coming quarters. In the long term, the situation may also affect the Group's trading volumes, cash flows and profitability. As at the issue date of this Report, the situation in Ukraine did not have a material impact, whether direct or indirect, on the Company's and its Group's operations, business continuity or financial condition. Moreover, the Management Board identified no threat to the Group's ability to continue as a going concern. The Management Board is monitoring the situation to the extent it could potentially affect the Group's business in future periods.

34. Authorisation for issue

These interim condensed consolidated financial statements of the Group were authorised for issue by the Management Board on November 16th 2022.

II. Quarterly financial information of the parent for Q3 2022

Interim separate statement of comprehensive income

	Note	for 3 months ended September 30th 2022	for 3 months ended September 30th 2021	for 9 months ended September 30th 2022	for 9 months ended September 30th 2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
STATEMENT OF PROFIT OR LOSS					
Revenue from contracts with customers		751,982	611,571	2,099,607	1,674,968
Cost of sales		(541,588)	(441,938)	(1,499,754)	(1,214,965)
Gross profit (loss)		210,394	169,633	599,853	460,003
Distribution costs and marketing expenses		(89,032)	(65,111)	(243,041)	(172,519)
Warehousing (logistics) costs		(43,079)	(36,455)	(131,432)	(97,933)
Management and administrative expenses		(8,839)	(5,358)	(25,680)	(15,691)
Other gains (losses), net		1,570	674	1,800	(54)
Other income		388	101	608	302
Other expenses		(293)	(93)	(866)	(366)
Operating profit (loss)		71,109	63,391	201,242	173,742
Finance income		5,870	(243)	11,016	3,038
Finance costs		(8,160)	(1,995)	(16,913)	(5,404)
Profit (loss) before tax		68,819	61,153	195,345	171,376
Income tax		(12,310)	(11,608)	(35,948)	(32,391)
NET PROFIT (LOSS)		56,509	49,545	159,397	138,985
OTHER COMPREHENSIVE INCOME					
Other comprehensive income, net		-	-	-	-
Other comprehensive income that will be reclassified to profit or loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME		56,509	49,545	159,397	138,985
Earnings (loss) per share (PLN per share)					
From continuing operations:					
Basic		0.43	0.38	1.22	1.06
Diluted		0.43	0.38	1.22	1.06

Interim separate statement of financial position

	Note	As at September 30th 2022	As at June 30th 2022	As at December 31st 2021	As at September 30th 2021
		(unaudited)	(unaudited)		(unaudited)
ASSETS					
Non-current assets					
Intangible assets		24,877	23,520	20,559	15,783
Property, plant and equipment		245,879	194,061	166,997	160,932
Investments in related entities		30,448	30,448	30,448	30,448
Investments in other entities		110	110	110	110
Other long-term receivables		3,968	4,024	3,555	3,668
Other non-current financial assets		1	2	1,459	1,418
Total non-current assets		305,283	252,165	223,128	212,359
Current assets					
Inventories		810,363	771,016	647,280	578,142
Right-of-return assets		15,391	15,520	10,859	14,150
Trade and other receivables		279,651	254,008	250,249	236,856
Other financial assets		1,609	5,106	4	4
Cash and cash equivalents		26,303	37,656	13,922	19,012
Total current assets		1,133,317	1,083,306	922,314	848,164
Total assets		1,438,600	1,335,471	1,145,442	1,060,523
EQUITY AND LIABILITIES					
Equity					
Share capital issued		13,062	13,062	13,062	13,062
Share premium		106,299	106,299	106,299	106,299
Other capital reserves		2,103	2,103	2,103	2,103
Retained earnings		694,684	638,175	554,880	507,804
Total equity		816,148	759,639	676,344	629,268
Non-current liabilities					
Long-term borrowings		123,700	148,700	93,896	93,700
Lease liabilities		115,776	77,536	71,275	68,191
Employee benefit obligations and provisions		1,946	1,405	887	1,014
Deferred tax liability		13,122	8,263	14,944	10,651
Total non-current liabilities		254,544	235,904	181,002	173,556
Current liabilities					
Trade and other payables		155,776	172,738	69,385	96,265
Contract and right-of-return liabilities		21,925	22,290	15,593	18,733
Short-term borrowings		97,357	58,291	116,882	66,807
Lease liabilities		39,770	34,779	32,331	32,529
Current tax liability		20,048	19,246	23,724	20,876
Employee benefit obligations and provisions		25,823	25,837	20,335	19,202
Short-term provisions		7,209	6,747	9,846	3,287
Total current liabilities		367,908	339,928	288,096	257,699
Total liabilities		622,452	575,832	469,098	431,255
Total equity and liabilities		1,438,600	1,335,471	1,145,442	1,060,523

Interim separate statement of cash flows

indirect method	Note	for 9 months ended September 30th 2022 (unaudited)	for 9 months ended September 30th 2021 (unaudited)
Cash flows from operating activities			
Profit before tax		195,345	171,376
Adjustments:			
Depreciation and amortisation		23,450	19,114
Foreign exchange gains/losses		1,594	(156)
Adjustments for gains/losses on investing activities		(88)	154
Finance costs recognised in profit or loss		14,447	5,255
Finance income recognised in profit or loss		(135)	(26)
Gains on share in profit or loss of related entities		(10,648)	(2,846)
Change in inventories		(163,083)	(139,422)
Change in right-of-return assets		(4,532)	(3,939)
Change in trade and other receivables		(28,780)	(99,355)
Change in trade and other payables		95,310	41,635
Change in contract and right-of-return liabilities		6,332	5,518
Change in employee benefit obligations and provisions		3,910	4,618
Cash from operating activities		133,122	1,926
Income tax paid		(41,445)	(10,848)
Net cash from operating activities		91,677	(8,922)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(28,042)	(12,090)
Disposal of property, plant and equipment and intangible assets		79	140
Loans		(3,400)	(2,394)
Repayment of loans		3,599	2,390
Receipts from lease		187	179
Interest received		87	65
Net cash from investing activities		(27,490)	(11,710)
Cash flows from financing activities			
Dividend paid		(19,593)	(13,062)
Borrowings received		10,487	65,599
Borrowings repaid		-	-
Payment of lease liabilities		(28,761)	(20,980)
Interest and commissions paid		(13,767)	(4,623)
Other cash used in financing activities – corporate surety		(441)	(288)
Other cash provided by financing activities – corporate surety		135	22
Net cash from financing activities		(51,940)	26,668
Total net cash flows		12,247	6,036
Cash and cash equivalents at beginning of period		13,922	13,126
Effect of exchange rate movements on net cash in foreign currencies		134	(150)
Cash and cash equivalents at end of period		26,169	19,162

Interim separate statement of changes in equity

	Share capital issued	Capital from issue of warrants	Share premium	Retained earnings	Total equity
As at December 31st 2020	13,062	2,103	106,299	381,881	503,345
Net profit for period				138,985	138,985
Total comprehensive income	-	-	-	138,985	138,985
Dividend paid				(13,062)	(13,062)
As at September 30th 2021 (unaudited)	13,062	2,103	106,299	507,804	629,268
As at December 31st 2020	13,062	2,103	106,299	381,881	503,345
Net profit for period				186,061	186,061
Total comprehensive income	-	-	-	186,061	186,061
Dividend paid				(13,062)	(13,062)
As at December 31st 2021	13,062	2,103	106,299	554,880	676,344
Net profit for period				159,397	159,397
Total comprehensive income	-	-	-	159,397	159,397
Dividend paid				(19,593)	(19,593)
As at September 30th 2022 (unaudited)	13,062	2,103	106,299	694,684	816,148

Notes

The quarterly financial information of the parent for the third quarter of 2022 includes information required under Par. 62.1 and Par. 62.2 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

All amounts in these interim condensed financial statements are presented in PLN thousands, unless indicated otherwise.

1. Change of accounting policies and presentation

1.1. Changes in accounting policies

The Company did not change its accounting policies in the reporting period.

1.2. Presentation changes

The Company did not make any presentation changes in the reporting period. A presentation change was made in the comparative period, that is for the nine months ended September 30th 2021. In order to present the Company's financial position in a reliable and faithful manner the Management Board of the Company changed the presentation of provisions for warranty repairs, which were previously presented in the statement of financial position under short-term provisions as the difference between the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints and the estimated cost of warranty complaints. After the change, the estimate of cost expected to be reimbursed by suppliers on account of warranty complaints is presented in other financial receivables, while the estimated cost of warranty complaints is included in short-term provisions.

Below is presented the effect of the presentation change in the statement of financial position and in the statement of cash flows for the period ended September 30th 2021.

Interim separate statement of financial position	As at September 30th 2021	change	As at September 30th 2021
	before		after
Trade and other receivables	235,257	1,599	236,856
Total current assets	846,565	1,599	848,164
Total assets	1,058,924	1,599	1,060,523
Short-term provisions	1,688	1,599	3,287
Total current liabilities	256,100	1,599	257,699
Total liabilities	429,656	1,599	431,255
Total equity and liabilities	1,058,924	1,599	1,060,523

Interim separate statement of cash flows	Period ended September 30th 2021	change	Period ended September 30th 2021
	before		after
Change in trade and other receivables	(97,756)	(1,599)	(99,355)
Change in employee benefit obligations and provisions	3,019	1,599	4,618
Cash from operating activities	1,926	-	1,926
Net cash from operating activities	(8,922)	-	(8,922)

2. Significant assessments and estimates

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

3. Seasonality

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

4. Transactions with subsidiaries

All transactions with related parties are made on an arm's length basis.

Below are presented transactions with subsidiaries.

Sales of goods and services and other income	Period ended September 30th 2022	Period ended September 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	6,262	3,758
including:		
sales of goods	1	*10*
sales of services	5,827	*3,357*
re-charge of costs	434	*391*
AP Auto Partner CZ s.r.o.	13,645	12,235

including:		
sales of goods	*13,418*	*12,093*
sales of services	*176*	*109*
re-charge of costs	*51*	*33*
Total	19,907	15,993

Finance income	Period ended September 30th 2022	Period ended September 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	10,783	2,872
including:		
share of profit	*10,648*	*2,846*
corporate surety	*135*	*26*
AP Auto Partner CZ s.r.o.	53	61
including:		
interest on loan advanced	*47*	*44*
interest on finance lease	*6*	*17*
Total	10,836	2,933

Finance costs	Period ended September 30th 2022	Period ended September 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	(441)	(291)
including:		
corporate surety	*(441)*	*(291)*
Total	(441)	(291)

Purchase of goods and other purchases	Period ended September 30th 2022	Period ended September 30th 2021
Maxgear Sp. z o.o. Sp. komandytowa	338,064	208,037
including:		
purchase of goods	*338,064*	*208,037*
Total	338,064	208,037

Receivables	As at September 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	14,040	10,845
including:		
trade receivables	*3,392*	*1,669*
share of profit receivables	*10,648*	*9,176*
AP Auto Partner CZ s.r.o.	16,120	12,946
including:		

trade receivables	*14,487*	*11,280*
finance lease receivables	*28*	*212*
loan receivables	*1,605*	*1454*
Total	30,160	23,791

Liabilities	As at September 30th 2022	As at December 31st 2021
Maxgear Sp. z o.o. Sp. komandytowa	35,052	1,416
including:		
trade payables	*35,052*	*1,416*
Total	35,052	1,416

III. Key supplementary information to the consolidated quarterly report

1. The Company and the Group

Overview of the Group

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

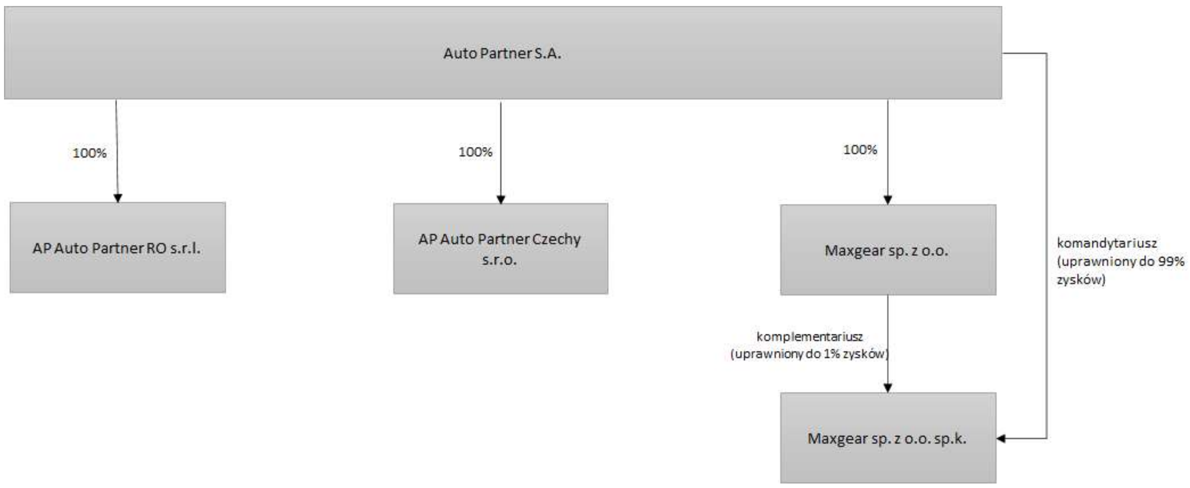
Registered office:	Bieruń
Legal form:	joint stock company
Country of incorporation:	Poland
Address:	ul. Ekonomiczna 20, 43-150 Bieruń
Tel./Fax:	+48 32 325 15 00 / +48 32 325 15 20
Email:	kontakt@autopartner.com
Website:	www.autopartner.com

As at September 30th 2022, in addition to the parent, the Group included the following subsidiaries: Maxgear Spółka z ograniczoną odpowiedzialnością of Tychy (wholly-owned by the Parent), Maxgear Spółka z ograniczoną odpowiedzialnością spółka komandytowa of Bieruń (the Parent is a limited partner in the company, entitled to 99% of its profits), AP Auto Partner CZ s.r.o. of Prague, the Czech Republic (wholly-owned by the Parent), and AP Auto Partner RO s.r.l of Bucharest, Romania (wholly-owned by the Parent).

The companies are consolidated in the Group's financial statements on a full basis.

Apart from conducting its business involving the sale of automotive parts and accessories, the Company, as the parent, acts as the holding company in the Group and coordinates the operation of its subsidiaries and creation of a uniform trading, marketing, investment and credit policy for the Group.

The chart below presents the structure of the Group as at the reporting date, including all of the Company's subsidiaries.



Source: the Group.

Material subsidiaries of Auto Partner S.A.

Maxgear sp. z o.o.

Maxgear sp. z o.o., with its registered office at ul. Bałuckiego 4, 43-100 Tychy, Poland, is entered in the Register of Businesses at the National Court Register under No. 0000279190. The company's share capital amounts to PLN 50,000.00 and is divided into 100 shares with a par value of PLN 500 per share. The company is wholly owned by the parent, holding 100% of its shares and the right to exercise all voting rights at its General Meeting.

Maxgear sp. z o.o. is a general partner in Maxgear sp. z o.o. sp.k., which it represents and whose operations it manages. Maxgear sp. z o.o. does not carry out any operating activities. The Group's strategy provides for further brand value building. In this model, Maxgear sp. z o.o. is to continue as an entity representing Maxgear sp. z o.o. sp.k. and managing its operations.

Maxgear sp. z o.o. sp.k.

Maxgear sp. z o.o. sp.k., with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, is entered in the Register of Businesses at the National Court Register under No. 0000332893. Its general partner is Maxgear sp. z o.o. The Company is its limited partner, with the limited partner's contribution amount of PLN 20,000 and a 99% share in the company's profits. The right to the remaining 1% of profits is held by Maxgear sp. z o.o.

The company's business involves purchasing goods which are then sold by the Group under the Maxgear brand. Most of the goods are imported from Asia and then resold to the Company for further distribution.

AP Auto Partner CZ s.r.o.

AP Auto Partner CZ s.r.o., with its registered office in Prague, the Czech Republic, is incorporated under the Czech law and is responsible for the Group's operations in the Czech market. AP Auto Partner CZ s.r.o. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting. AP Auto Partner CZ s.r.o. is engaged in sales in the Czech market through a warehouse in Prague.

AP Auto Partner RO s.r.l.

AP Auto Partner RO s.r.l., with its registered office in Bucharest, Romania, is incorporated under the Romanian law and is to be responsible for the Group's operations in the Romanian market. AP Auto Partner RO s.r.l. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting. The Group intends to use the company as a platform for expansion of its warehouse facilities and sales in this market.

2. Rules of preparation of consolidated quarterly report

The interim condensed consolidated financial statements have been prepared in accordance with IAS and IFRS and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018. In its consolidated quarterly report the Company also includes quarterly financial information containing the information specified in Par. 66.1 - Par. 66.4, Par. 66.5, first sentence, Par. 66.8.13 and Par. 66.9 of the Regulation.

3. Significant events with material bearing the parent's and the Group's business in and financial results for the nine months ended September 30th 2022

The following events and factors had bearing on the Company's business in and financial results for the nine months ended September 30th 2022:

- On January 10th 2022, the Issuer entered into an agreement with Global One Automotive GmbH of Frankfurt whereby it advanced a EUR 750 thousand loan to Global One. The loan bears interest at 4.5%. The agreement was concluded for a definite term until June 30th 2022. The Company holds 6.25% of shares in Global One Automotive GmbH as a participant in the International Purchasing Group (since 2017).
- On January 24th 2022, the Company executed a revolving credit facility agreement with BNP Paribas Bank Polska S.A. of Warsaw. Under the agreement, the Company was granted a revolving credit facility of PLN 25,000,000.
- On January 29th 2022, the Company executed an amendment to the multi-facility agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of September 26th 2016. Under the amendment, the multi-facility limit was increased from PLN 40,000,000 up to a maximum amount of PLN 65,000,000 by adding a new revolving facility sub-limit of PLN 25,000,000 to finance the Company's day-to-day operations.

- On March 2nd 2022, the Company executed an amendment to the reverse factoring agreement of March 29th 2019 with Santander Factoring Sp. z o.o. The amendment extended the effective term of the agreement for the following year, i.e., until March 31st 2023, and amended the definition of the base rate for debt in USD.
- On March 15th 2022, the Company executed an amendment to the multi-purpose facility agreement of September 13th 2021 with BNP Paribas Bank Polska S.A. Under the amendment, the multi-purpose facility limit (including an overdraft facility) was increased up to a maximum amount of PLN 30,000,000 to finance Auto Partner S.A.'s day-to-day operations.
- On March 28th 2022, the Management Board of the Company passed a resolution to propose to the Annual General Meeting a dividend payment from profit for the financial year 2021. Pursuant to the resolution, the Management Board recommended payment to the Company's shareholders of dividend of PLN 19,593,000 (nineteen million, five hundred and ninety-three thousand złoty), i.e., PLN 0.15 (fifteen grosz) per share. At the meeting held on April 11th 2022, the Supervisory Board gave a favourable opinion on the Management Board's recommendation. The final decision will be made by the Annual General Meeting called for May 31st 2022.
- On March 29th 2022, the Company executed an amendment to the multi-product facility agreement of October 19th 2015 with ING Bank Śląski S.A. of Katowice. The amendment increased the amount of the multi-product limit to PLN 177,000,000. Proceeds of the facility will be used to finance the Company's working capital in connection with continued fast growth of Auto Partner S.A.
- On May 31st 2022, the Annual General Meeting passed a resolution on the payment of dividend for 2021. The resolution was adopted in accordance with the Management Board's recommendation of March 28th 2022: payment of PLN 19,593,000 (PLN 0.15 per share) as dividend to the Company's shareholders. The dividend record date is set for June 8th 2022 and the dividend payment date – for June 22nd 2022.
- On June 1st 2022, acting pursuant to Article 21.1 (n) of the Company's Articles of Association, Section 5.1-6 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A., and Section 1.4 of the Supervisory Board Resolution No. 1 of September 10th 2021 on adoption of the rules for granting incentive bonuses to Auto Partner S.A. Management Board Members for 2021, providing for payment of additional remuneration for appointment to the Company's Management Board, linked to the Company's financial performance, and also based on the data presented in the audited consolidated financial statements of the Auto Partner Group for the financial year 2021, approved by Annual General Meeting on May 31st 2022, and the review of the business targets set in the resolution, the Supervisory Board of Auto Partner S.A. decided to grant bonuses to the eligible persons: Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board, in the following amounts:
  Piotr Janta – Vice President of the Management Board: bonus of PLN 693,000
  Andrzej Manowski – Vice President of the Management Board: bonus of PLN 693,000.
- On June 1st 2022, the Annual General Meeting of Maxgear Sp. z o.o., acting pursuant to Resolution No. 1 of the General Meeting of September 10th 2021 on the rules of granting an incentive bonus to members of the Management Board of MAXGEAR Spółka z o.o. for 2021, providing for payment of additional remuneration for appointment to the company's Management Board, linked to the financial performance of the Auto Partner Group, granted a bonus to the Management Board Members covered by the scheme for the performance recorded in 2021.
- August 17th 2022 saw the execution of Annex 2 to the bank guarantee of EUR 214 thousand of March 25th 2022 (No. DOK1141GWB22WS) issued in connection with a contract for property rental in Mysłowice. The guarantee expires on September 30th 2024 and has been issued as part of the credit facility provided under an agreement with Santander Bank Polska S.A.
- On September 13th 2022, the Company executed an investment credit facility agreement with Credit Agricole Bank Polska Spółka Akcyjna of Wrocław. Under the agreement, an investment credit facility of PLN 10,000,000 (ten million złoty) was advanced to the Company to finance and refinance its investment expenditure.
- On September 28th 2022, the Company signed an annex to the overdraft facility agreement of October 22nd 2019 with mBank S.A. of Warsaw. Under the annex, the term of the facility agreement was extended until September 29th 2025.
- The number of branches increased to 115 after eleven new branches opened in the nine months ended September 30th 2022.

4. Assessment of factors and non-recurring events with a bearing on operating results

In the reporting period, there were no non-recurring events with a bearing on operating results.

As for the declared state of the coronavirus pandemic and its consequences, in the third quarter of 2022 the Group did not identify any impediments to its business or any direct impact on its financial performance.

Neither did the Group identify any impact of the war in Ukraine on its operations in the third quarter of 2022. The exposure of the Company and its subsidiaries to the Ukrainian market is negligible, accounting for less than 0.5% of the monthly revenue currently generated. The effect of the situation in Ukraine on the Group's operations in the reporting period was therefore neutral.

5. Changes in the Parent's and the Group's key management policies

In the reporting period, there were no changes in the organisation of the Group, including changes that would result from a business combination, acquisition or loss of control of a subsidiary or a long-term investment, a demerger, restructuring or discontinuation of business activities.

6. Management Board' position on the feasibility of published forecasts

The Management Board did not publish any forecasts of the Company's or the Group's results for 2022.

7. Shareholders holding 5% or more of total voting rights in the Company

In the period from the issue of the consolidated half-year report for the six months ended June 30th 2022, i.e. September 15th 2022, to the date of issue of this report, i.e. November 17th 2022, there have been no changes in the major holdings of Company shares.

To the Company's best knowledge, the shareholders holding 5% or more of total voting rights as at November 17th 2022, i.e. the issue date of this report, were:

Shareholder	Number of shares held	Number of votes at GM	% ownership interest	Percentage of total voting rights held
Aleksander Górecki	28,383,577	28,383,577	21.73%	21.73%
Katarzyna Górecka	33,560,681	33,560,681	25.69%	25.69%
Otwarty Fundusz Emerytalny Złota Jesień (OFE PZU)	8,617,124	8,617,124	over 5%*	over 5%*
Nationale Nederlanden Powszechne Towarzystwo Emerytalne S.A.	13,062,403	13,062,403	10.0003%	10.0003%

* In the most recent notification, received by the Company on April 10th 2017, Otwarty Fundusz Emerytalny Złota Jesień (OFE PZU) reported that it held 8,617,124 Company shares, which, according to the Company's calculations based on the current share capital amount, currently represent 6.622% of total voting rights.

8. Total number and par value of Company shares and shares in the Company's related entities held by the Company's management and supervisory staff (for each person separately)

To the Company's best knowledge, in the period from the issue of the consolidated half-year report for the six months ended June 30th 2022, i.e. September 15th 2022, to the date of issue of this report, i.e. November 17th 2022, there have been no changes in the holdings of Company shares held by the Company's management and supervisory staff.

The table below presents holdings of members of the Management Board and the Supervisory Board as at the date of issue of this report, which was November 17th 2022.

Full name	Position	Number of Company shares held	Par value of the shares (PLN)
Aleksander Górecki	President of the Management Board	28,383,577	2,838,357.70
Andrzej Manowski	Vice President of the Management Board	375,000	37,500.00
Piotr Janta	Vice President of the Management Board	210,000	21,000 ,00
Jarosław Plisz	Chairperson of the Supervisory Board	20	2.00
	total:	**28,968,597**	

Source: the Group.

9. Material court, arbitration and administrative proceedings

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

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

The Group companies enter into related-party transactions exclusively on an arm's length basis. For detailed information on related-party transactions, see Note 27 to the interim condensed consolidated financial statements and Note 4 to the quarterly financial information of the parent for the three months to September 30th 2022.

11. Significant sureties and guarantees (received and issued), including in particular sureties and guarantees issued to and received from related entities

The Company and its subsidiaries did not issue any sureties for borrowings or any guarantees to a single entity or such entity's subsidiary where the total amount of outstanding sureties or guarantees would be significant.

12. Business of the Auto Partner Group

Overview of key products, goods and services

The Group is a specialised logistics operator whose principal business activity consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. It imports and distributes parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and European Union directives. The Group operates as a platform for sale, mainly via electronic channels, and supply logistics of spare parts, which are delivered on a just-in-time basis to distributed customers: repair workshops and stores.

The Group offers a wide range of spare parts. The key product category is spare parts for European, Japanese and Korean cars.

The Group sells branded products supplied by approximately 200 manufacturers of reputable brands, including MEYLE, TRW, ZF Schaeffler or KYB. Currently, the Group's offer includes:

- Accessories
- Shock absorbers and springs
- Filters
- Lines, wires, bands
- Automotive oils and chemicals
- Drive belts and rollers
- Cooling system, air conditioning
- Electrical systems
- Braking systems
- Drivetrain systems
- Fuel systems
- Suspension and steering systems
- Exhaust systems
- Seals and engine parts
- Wipers
- Equipment for repair workshops

Overview of the Group's geographical markets

Currently, domestic sales account for approximately half of the Group's revenue, and export sales for the other half. Supplies to the Group's foreign customers in Germany, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Kosovo, Lithuania, Latvia, Estonia, Ukraine, the Netherlands, Belgium, Luxemburg, Denmark, Finland, France and Italy are mainly delivered directly from the Group's central warehouse and Pruszków hub.

Revenue structure by domestic and export sales:

	Period ended September 30th			
	2022		2021	
	PLN '000	share (%)	PLN '000	share (%)
Sales of merchandise – Poland	1,055,748	50.3%	915,811	54.7%
Sales of merchandise – EU	1,021,179	48.7%	745,629	44.5%
Sales of merchandise – other exports	18,062	0.9%	11,492	0.7%
Sales of services – Poland	1,222	0.1%	467	0.0%
Sales of services – EU	1,523	0.1%	1,134	0.1%
Total	**2,097,734**	**100%**	**1,674,533**	**100.0%**

Source: the Group, condensed interim consolidated financial statements

Projected development of the Group

All companies of the Auto Partner Group pursue a common and uniform growth strategy. The Group's strategy is to ensure sustainable growth of the shareholder value by further expanding the scale of its business, increasing the market share, and strengthening the market position, while focusing on business process efficiency in order to achieve attractive margins.

The Management Board has defined four main strategic objectives for the Group:

1. growth of the business scale,
2. further product diversification,
3. further increase in profitability,
4. Expansion into new markets.

13. Current and anticipated financial condition and description of the Company's and the Group's significant achievements and failures

Financial position in the nine months ended September 30th 2022

In the nine months ended September 30th 2022, the Group recorded a 25.3% year-on-year increase in sales. The increase was driven to a greater extent by higher foreign sales (+37.3%), although in Poland the growth rate was also high (+15.4%). Also, the effect of inflation on revenue growth was significantly stronger than in prior periods.

Gross margin continued at high levels, having increased year on year (29.7% vs 28.5%), despite further increase in the share of export sales with lower gross margin, but also lower operating expenses.

EBIT growth was driven by the said increase in gross margin, which was clearly offset by the impact of rising inflation on costs.

It should also be remembered that the year-on-year comparative baseline is low for operating expenses (and thus high for EBIT) due to the effect (of PLN 8,855 thousand) of grants received from the Provincial Labour Office of Katowice to subsidise the remuneration for employees not covered by any furlough, economic downtime or reduced amount of working time due to the decline in turnover caused by the COVID-19 pandemic. The grants were received under Art. 15gg of the Act on special arrangements to prevent, counteract and combat covid-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz.U. of 2020, item 374, as amended).

Net of the effect of the grants, the EBIT margin declined slightly year on year (10.1% vs. 10.5%).

Apart from the factors described above, net profit and net margin were affected by significantly higher finance costs resulting from steep increases in interest rates. As a result, net of the effect of the grants received in the nine months ended September 30th 2021, the net margin fell slightly year on year (7.5% vs. 8.2%).

As a result of the above factors, in the nine months ended September 30th 2022 the Group reported a net profit of PLN 156.5m (PLN 144.4m in the corresponding period of the previous year), up by 8.4% year on year.

Financial metrics

In its day-to-day operations the Group uses profitability metrics, efficiency metrics, debt ratios and liquidity ratios. The metrics, presented below, are alternative performance measures (APMs). The Company believes that they provide material information on the Group's financial position, operating efficiency, profitability and cash flows. The APMs should be viewed as additional information and analysed in conjunction with the Group's consolidated financial statements, as they facilitate an analysis and assessment of the Group's financial results in each reporting period. They also provide useful information about the Group's financial position and, in the Company's opinion, enable an optimum assessment of the financial results achieved by the Group.

The metrics were calculated in accordance with the formulas presented below.

Attention should be paid to the effect of change in the presentation of estimates of trade discounts due from suppliers on the value of trade receivables and payables, and thus on the value of selected ratios concerning some of the previous periods. The presentation is changed starting from the financial statements for 2020, prepared as at December 31st 2020. The data as at the previous reporting dates, used to calculate the ratios, have been restated accordingly, resulting in changes in the ratios relative to those published in previous financial statements. The other presentation change concerned employee benefit obligations. The change was first made in the financial statements as at June 30th 2020, with data as at the previous reporting dates restated for ratio calculation purposes.

Profitability metrics

The tables below present the Group's profitability metrics for the periods indicated.

	For the period ended September 30th consolidated financial statements		
	2022	2021	2020
	PLN '000	PLN '000	PLN '000
EBITDA (PLN '000)[1]	235,863	203,364	126,051
Gross margin (%)[2]	29.7	28.5	28.2
EBITDA margin (%)[3]	11.2	12.1	10.2
EBIT margin (%)[4]	10.1	11.0	8.8
Pre-tax profit margin (%)[5]	9.2	10.7	8.2
Net profit margin (%)[6]	7.5	8.6	6.6

Source: the Group.

(1) The Group defines and calculates EBITDA as operating profit (loss) before depreciation and amortisation.
(2) Gross margin is defined as the ratio of gross profit (loss) for the reporting period to revenue for the period.
(3) EBITDA margin is defined as the ratio of EBITDA for the reporting period to revenue for the period.
(4) EBIT margin is defined as the ratio of operating profit (loss) for the reporting period to revenue for the period.
(5) Pre-tax profit margin is defined as the ratio of pre-tax profit for the reporting period to revenue for the period.
(6) Net profit margin is defined as the ratio of net profit for the period to revenue for the period.

	For the period ended September 30th consolidated financial statements		For year consolidated financial statements	
	2022	2021	2021	2020
	PLN '000	PLN '000	PLN '000	PLN '000
ROE (%)[7]	28.9	35.2	32.7	26.0
ROA (%)[8]	15.8	20.7	18.7	14.4

Source: the Group.

(1) *The Group defines and calculates ROE as the ratio of net profit for the period to average equity (calculated as the arithmetic mean of equity as at the end of the previous period and as at the end of the reporting period).*
(2) *The Group defines and calculates ROA as the ratio of net profit for the period to average assets (calculated as the arithmetic mean of total assets as at the end of the previous period and as at the end of the reporting period).*

Efficiency metrics

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

	As at consolidated financial statements			
	September 30th 2022	September 30th 2021	December 31st 2021	December 31st 2020
	days	days	days	days
Inventory turnover period (days)[1*]	150	131	141	147
Average collection period (days)[2]	33	28	30	27
Average payment period (days)[3]	25	26	23	28
Cash conversion cycle[4]	159	132	148	146

Source: the Group.

(1) *The Group defines and calculates the inventory turnover period as the ratio of average sum of inventories and right-of-return assets (calculated as the arithmetic mean of the balance as at the end of the previous period and as at the end of the reporting period) to cost of sales in the period, multiplied by the number of days in the period.*
(2) *The Group defines and calculates the average collection period as the ratio of average trade and other receivables (calculated as the arithmetic mean of trade and other receivables as at the end of the previous period and as at the end of the reporting period) to revenue in the period, multiplied by the number of days in the period.*
(3) *The Group defines and calculates the average payment period as the ratio of average trade and other payables and right-of-return liabilities (calculated as the arithmetic mean of trade and other payables as at the end of the previous period and as at the end of the reporting period) to cost of sales in the period, multiplied by the number of days in the period.*
(4) *The Group defines and calculates the cash conversion cycle as the sum of the inventory turnover period and average collection period less average payment period.*

Debt ratios

The table below presents the Group's debt ratios.

	As at consolidated financial statements			
	September 30th 2022	September 30th 2021	December 31st 2021	December 31st 2020
	PLN '000	PLN '000	PLN '000	PLN '000
Total debt ratio (%)[1]	45.4	43.0	45.5	38.9
Long-term debt ratio (%)[2]	17.3	16.0	15.0	11.5
Short-term debt ratio (%)[3]	28.1	27.0	30.5	27.4
Equity-to-debt ratio (%)[4]	120.1	132.6	119.8	157.3

Source: the Group.

(1) *The Group defines and calculates the total debt ratio as the ratio of total liabilities as at the reporting date to total assets as at the reporting date.*

(2) The Group defines and calculates the long-term debt ratio as the ratio of non-current liabilities as at the reporting date to total assets as at the reporting date.
(3) The Group defines and calculates the short-term debt ratio as the ratio of current liabilities as at the reporting date to total assets as at the reporting date.
(4) The Group defines and calculates the equity-to-debt ratio as equity as at the reporting date to total liabilities as at the reporting date.

Liquidity ratios

The table below presents the Group's liquidity ratios.

	As at consolidated financial statements		
	September 30th 2022	December 31st 2021	December 31st 2020
	PLN '000	PLN '000	PLN '000
Current ratio[1]	2.88	2.75	2.97
Quick ratio[2]	0.73	0.70	0.70
Cash ratio[3]	0.07	0.05	0.10

Source: the Group.

(1) The Group defines and calculates the current ratio as the ratio of current assets as at the reporting date to current liabilities as at the reporting date.
(2) The Group defines and calculates the quick ratio as the ratio of total current assets less inventories and right-of-return assets as at the reporting date to current liabilities as at the reporting date.
(3) The Group defines and calculates the cash ratio as the ratio of cash and cash equivalents plus current financial assets as at the reporting date to current liabilities as at the reporting date.

Workforce

The Group's workforce is as follows:

	As at September 30th 2022	As at December 31st 2021
Number of employees	2,315	2,142

Source: the Group.

14. Factors that, in the Company's opinion, will have an impact on the Group's results in the next quarter or in and beyond the next quarter

The following factors will have an impact on the Group's performance in the future periods:

- Establishment of a new logistics and warehousing centre in Poznań under a warehouse space lease contract signed with MLP Poznań West II Sp. z o.o. of Pruszków on September 22nd 2021. In accordance with the contract, on August 1st 2022 a report was signed on handing over to the Lessee (Auto Partner S.A.) warehouse, office and technical space with a total area of 14,672 sq m, including warehouse space of 13,660 sq m. Work to place the warehousing centre in service is expected to end in the second half of 2022. Work is under way to stock up the warehouse (the process is currently 60% complete). Installation work and fire safety projects are also in progress. All works are progressing on schedule. These steps will enable the Auto Partner Group to maintain revenue growth by expanding the scale of its operations and by further improving the conditions of business cooperation with its customers and suppliers of automotive parts. Moreover, establishment of another logistics and warehousing centre is under consideration and there are plans to expand the storage space in Bieruń.
- Development of the coronavirus pandemic in Poland and globally and developments related to the war in Ukraine, as described in Section 4 of this Report.

- The opening of eleven new branches in the first nine months of 2022.
- Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A. for 2021 were approved by a resolution of the Supervisory Board of the Company on September 10th 2021, providing for the payment of additional remuneration for the appointment to the Company's Management Board, linked to the Company's financial performance. The Scheme is intended for the following members of the Company's Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that would ensure long-term growth of the shareholder value, reduce turnover of the Company's management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company's website https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen. The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the Scheme.
- Adoption by the General Meeting of Maxgear sp. z o.o., on January 10th 2022, of the Rules of the Incentive Scheme for 2022-2024 for members of the Maxgear sp. z o.o. Management Board: Grzegorz Pal and Arkadiusz Cieplak, on the same terms as those provided for in the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board. The bonuses to be paid under the Rules of the Incentive Scheme for members of the Maxgear Sp. z o.o. Management Board will not exceed PLN 4,000,000 during the whole term of the Scheme.
- Inflation rate in the areas with a significant impact on the Group's profit or loss.
- Market interest rates underlying the interest rates paid on bank borrowings and variable-rate lease contracts, including, without limitation, WIBOR rates.

15. Other information relevant to the assessment of the Group's workforce, assets, financial position and profit or loss as well as the Group's ability to meet its obligations

An annex to the multi-purpose facility agreement of September 13th 2021 with BNP Paribas S.A. of Warsaw was signed on November 14th 2022. Under the annex, the Company was granted a multi-purpose facility, including an overdraft facility, of up to PLN 50,000,000.

This quarterly report was authorised for issue by the Management Board on November 16th 2022.

Signatures of Management Board Members

Aleksander Górecki – President of the Management Board

Andrzej Manowski – Vice President of the Management Board

Piotr Janta – Vice President of the Management Board

Signature of the person responsible for accounting records

Kamila Obłodecka Pieńkosz – Chief Accountant