Quarterly report containing the interim financial statements of the Capital Group for Q3 of the financial year of 2022-2023

covering the period from 01-07-2022 to 31-03-2023

Publication date: 23 May 2023

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I) Selected consolidated financial data

	Selected financial data	PLN'000		EUR'000	
		01.07.2022-31.03.2023	01.07.2021-31.03.2022	01.07.2022-31.03.2023	01.07.2021-31.03.2022
I	Net revenues from sales of products, goods, and materials	12,130,556	10,832,842	2,568,509	2,344,264
II	Profit/(loss) on operations	222,162	167,166	47,040	36,175
III	Profit/(loss) before tax	163,507	150,314	34,621	32,528
IV	Net profit/(loss)	130,846	120,990	27,705	26,183
V	Profit/(loss) per ordinary share (PLN/EUR)	8.08	7.47	1.71	1.62
VI	Diluted profit/(loss) per ordinary share (PLN/EUR)	8.08	7.47	1.71	1.62
VII	Total comprehensive income	184,414	155,208	39,048	33,588
VIII	Total comprehensive income attributable to the shareholders of the parent entity	184,414	155,208	39,048	33,588
IX	Total comprehensive income attributable to minority shareholders	0	0	0	0
X	Net cash flows from operating activities	160,604	-35,834	34,006	-7,755
XI	Net cash flows from investing activities	-7,524	-14,677	-1,593	-3,176
XII	Net cash flows from financing activities	-132,421	79,083	-28,039	17,114
XIII	Total net cash flows	20,659	28,572	4,374	6,183
	As at the balance sheet date	31.03.2023	30.06.2022	31.03.2023	30.06.2022
XIV	Total assets	3,409,959	3,422,484	729,325	731,206
XV	Liabilities and provisions for liabilities	2,106,790	2,278,645	450,602	486,828
XVI	Long-term liabilities	116,990	175,444	25,022	37,483
XVII	Short-term liabilities	1,989,800	2,103,201	425,580	449,344
XVIII	Equity	1,303,169	1,143,839	278,723	244,379
XIX	Share capital	16,188	16,188	3,462	3,459
XX	Number of shares (units)	16,187,644	16,187,644	16,187,644	16,187,644
XXI	Book value per share (PLN/EUR)	80.50	70.66	17.22	15.10
XXII	Diluted book value per share (PLN/EUR)	80.50	70.66	17.22	15.10

Mean NBP's exchange rate (EUR/PLN) of 31.03.2023:	4.6755
Mean NBP's exchange rate (EUR/PLN) of 30.06.2022:	4.6806
Mean NBP's exchange rate (EUR/PLN) for the period 01.07.2022-31.03.2023	4.7228
EUR/PLN mean exchange rate for the period 01.07.2021-31.03.2022	4.621

II) SELECTED SEPARATE FINANCIAL DATA

SELECTED FINANCIAL DATA		PLN'000 01.07.2022-31.03.2023	PLN'000 01.07.2021-31.03.2022	EUR'000 01.07.2022-31.03.2023	EUR'000 01.07.2021-31.03.2022
I	Net revenues from sales of products, goods, and materials	7,084,610	6,468,267	1,500,087	1,399,755
II	Profit/(loss) on operations	122,057	72,439	25,844	15,676
III	Profit/(loss) before tax	106,424	80,794	22,534	17,484
IV	Net profit/(loss)	88,325	67,047	18,702	14,509
V	Profit/(loss) per ordinary share (PLN/EUR)	5.46	4.14	1.16	0.90
VI	Diluted profit/(loss) per ordinary share (PLN/EUR)	5.46	4.14	1.16	0.90
VII	Net cash flows from operating activities	86,933	24,978	18,407	5,405
VIII	Net cash flows from investing activities	-13,318	36,880	-2,820	7,981
IX	Net cash flows from financing activities	-67,157	-21,798	-14,220	-4,717
X	Total net cash flows	6,458	40,060	1,367	8,669
As at the balance sheet date		**31.03.2023**	**30.06.2022**	**31.03.2023**	**30.06.2022**
XI	Total assets	2,209,418	2,133,522	472,552	455,822
XII	Liabilities and provisions for liabilities	1,408,595	1,412,171	301,272	301,707
XIII	Long-term liabilities	35,793	87,559	7,655	18,707
XIV	Short-term liabilities	1,372,802	1,324,612	293,616	283,000
XV	Equity	800,823	721,351	171,281	154,115
XVI	Share capital	16,188	16,188	3,462	3,459
XVII	Number of shares (units)	16,187,644	16,187,644	16,187,644	16,187,644
XVIII	Book value per share (PLN/EUR)	49.47	44.56	10.58	9.52
XIX	Diluted book value per share (PLN/EUR)	49.47	44.56	10.58	9.52

Mean NBP's exchange rate (EUR/PLN) of 31.03.2023:	4.6755
Mean NBP's exchange rate (EUR/PLN) of 30.06.2022:	4.6806
Mean NBP's exchange rate (EUR/PLN) for the period 01.07.2022-31.03.2023	4.7228
EUR/PLN mean exchange rate for the period 01.07.2021-31.03.2022	4.621

III) CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31 MARCH 2023

Profit and loss account	From 01.01.2023 to 31.03.2023 PLN'000	From 01.07.2022 to 31.03.2023 PLN'000	From 01.01.2022 to 31.03.2022 comparable data	From 01.07.2021 to 31.03.2022 comparable data
Continuing operations	*3 months*	*9 months*	*3 months*	*9 months*
Sales revenues	3,540,746	12,130,556	3,328,313	10,832,842
Internal costs of sales	3,404,212	11,674,306	3,207,610	10,453,344
Gross profit/(loss) on sales	**136,534**	**456,250**	**120,703**	**379,498**
Costs of sale	64,062	193,212	62,778	167,407
Administrative expenses	14,992	46,430	13,864	42,004
Other operating revenues	5,883	12,375	3,553	6,493
Other operating expenses	2,095	6,821	1,210	9,414
Profit/(loss) on operating activities	**61,268**	**222,162**	**46,404**	**167,166**
Financial income	1,977	14,991	1,778	3,769
Financial expenses	23,140	73,646	8,083	20,621
Profit on disposal of affiliated entities	0	0	0	0
Share in profit of associated entities	0	0	0	0
Profit/(loss) before tax	**40,105**	**163,507**	**40,099**	**150,314**
Income tax	8,232	32,661	9,399	29,324
Net profit/(loss)	**31,873**	**130,846**	**30,700**	**120,990**
Discontinued operations	0	0	0	0
Net profit/(loss) from continued operations	31,873	130,846	30,700	120,990
Net profit/(loss)	**31,873**	**130,846**	**30,700**	**120,990**
Net profit/(loss) attributable to:				
Shareholders of the parent entity	**31,873**	**130,846**	**30,700**	**120,990**
Non-controlling shareholders	0	0	0	0

IV) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED ON 31 MARCH 2023

Statement of comprehensive income	From 01.01.2023 to 31.03.2023 PLN'000	From 01.07.2022 to 31.03.2023 PLN'000	From 01.01.2022 to 31.03.2022 comparable data	From 01.07.2021 to 31.03.2022 comparable data
	3 months	*9 months*	*3 months*	*9 months*
Net profit/(loss)	**31,873**	**130,846**	**30,700**	**120,990**
Other comprehensive income:				
Items that may be reclassified to profit/loss in subsequent periods				
FX differences from translation of investments in foreign entities	12,833	26,793	14,285	34,243
Hedge accounting	3,157	26,775	-2,950	-25
Share in other comprehensive income of affiliated entities	0	0	0	0
Results of revaluation of financial assets measured through other comprehensive income	0	0	0	0
Income tax pertaining to items that may be reclassified	0	0	0	0
Items that will not be reclassified to profit/(loss)				
Results of revaluation of fixed assets	0	0	0	0
Actuarial gains and losses	0	0	0	0
Income tax pertaining to items that will not be reclassified	0	0	0	0
Total comprehensive income attributable to:				
Shareholders of the parent entity	**47,863**	**184,414**	**42,035**	**155,208**
Non-controlling shareholders	**0**	**0**	**0**	**0**

V) CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED ON 31 MARCH 2023

ASSETS	Period ended on 31 March 2023 PLN'000	Period ended on 31 December 2022 PLN'000	Period ended on 30 June 2022 PLN'000	Period ended on 31 March 2022 PLN'000
Fixed assets	**372,658**	**373,984**	**378,321**	**327,432**
Intangible Assets	29,918	29,222	27,905	27,989
Goodwill	53,241	52,106	50,845	51,122
Right-of-use assets	52,513	52,974	54,926	10,733
Tangible fixed assets	164,824	167,248	169,157	164,525
Investment real properties	452	452	452	452
Long-term receivables	22	16	23	23
Long-term financial assets	452	490	494	52
Finance lease receivables	952	1,125	0	0
Deferred income tax assets	70,284	70,351	74,519	72,536
Current assets	**3,037,301**	**3,512,828**	**3,044,163**	**3,153,451**
Inventories	1,617,355	1,731,508	1,680,527	1,852,060
Trade and other receivables	1,331,598	1,713,610	1,305,890	1,174,251
Income tax receivables	4,433	11	184	20
Financial assets	8,946	1,180	1,935	3,779
Other assets	6,886	5,759	4,684	4,524
Cash and cash equivalents	68,083	60,760	50,943	118,817
TOTAL ASSETS	**3,409,959**	**3,886,812**	**3,422,484**	**3,480,883**

LIABILITIES AND EQUITY	Period ended on 31 March 2023 PLN'000	Period ended on 31 December 2022 PLN'000	Period ended on 30 June 2022 PLN'000	Period ended on 31 March 2022 PLN'000
Total equity	**1,303,169**	**1,257,687**	**1,143,839**	**1,131,312**
Equity attributable to the shareholders of the Parent Entity	**1,303,169**	**1,257,687**	**1,143,839**	**1,131,312**
Equity attributable to non-controlling shareholders	**0**	**0**	**0**	**0**
Issued share capital	16,188	16,188	16,188	16,188
Treasury shares	-6,926	-4,396	-1,929	-1,200
Supplementary capital, of which:	146,943	146,943	146,273	146,273
share premium over the nominal value of shares	135,503	135,503	135,503	135,503
Reserve capital	689,620	673,479	571,024	587,890
Retained profits	457,344	425,473	412,283	382,161
Liabilities and provisions for liabilities				
Long-term liabilities	**116,990**	**120,508**	**175,444**	**125,766**
Long-term bonds, borrowings and bank loans	63,580	65,320	117,595	112,300
Lease liabilities	47,393	49,291	52,503	7,421
Deferred income tax provision	5,297	5,177	5,044	5,073
Provision for retirement benefits	720	720	302	972
Short-term liabilities	**1,989,800**	**2,508,617**	**2,103,201**	**2,223,805**
Trade and other liabilities	1,516,501	1,795,801	1,614,820	1,634,462
Liabilities under contracts with customers	231,810	215,888	209,697	221,613
Short-term bonds, borrowings and bank loans	184,145	440,712	205,954	297,263
Lease liabilities	6,300	4,857	2,045	2,186
Other financial liabilities	383	47	2,195	1,681
Income tax liabilities	268	1,606	22,591	22,127
Short-term provisions	50,393	49,706	45,899	44,473
Total liabilities	**2,106,790**	**2,629,125**	**2,278,645**	**2,349,571**
TOTAL LIABILITIES AND EQUITY	**3,409,959**	**3,886,812**	**3,422,484**	**3,480,883**

VI) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31 MARCH 2023

Statement of changes in equity	Share capital	Treasury shares	Supplementary capital	Reserve capital from reduction of the share capital	General reserve capital	Capital from measurement of cash flow hedges	Reserve fund for currency translations	Total reserve capital	Retained profits	Total equity attributable to shareholders of the parent entity	Equity attributable to non-controlling shareholders	Total equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 01 July 2021	**16,188**	**-898**	**146,158**	**146**	**447,207**	**1,807**	**55,651**	**504,811**	**326,291**	**992,550**	**0**	**992,550**
Net profit for the financial year								0	151,112	151,112		151,112
Profit distribution for the preceding financial year			116		65,004			65,004	-65,120	0		0
Dividend					-16,143			-16,143		-16,143		-16,143
Conversion of values from financial statements of foreign subsidiaries (other comprehensive income)							30,634	30,634		30,634		30,634
Cash flow hedges (other comprehensive income)						-13,282		-13,282		-13,282		-13,282
Purchase of treasury shares		-1,031						0		-1,031		-1,031
Other			-1		-1	1		0		-1		-1
As at 30 June 2022	**16,188**	**-1,929**	**146,273**	**146**	**496,067**	**-11,474**	**86,285**	**571,024**	**412,283**	**1,143,839**	**0**	**1,143,839**

Statement of changes in equity	Share capital	Treasury shares	Supplementary capital	Reserve capital from reduction of the share capital	General reserve capital	Capital from measurement of cash flow hedges	Reserve fund for currency translations	Total reserve capital	Retained profits	Total equity attributable to shareholders of the parent entity	Equity attributable to non-controlling shareholders	Total equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 01 July 2022	**16,188**	**-1,929**	**146,273**	**146**	**496,067**	**-11,474**	**86,285**	**571,024**	**412,283**	**1,143,839**	**0**	**1,143,839**
Net profit for the financial year								0	130,846	130,846		130,846
Profit distribution for the preceding financial year			670		85,114			85,114	-85,784	0		0
Dividend					-20,085			-20,085		-20,085		-20,085
Conversion of values from financial statements of foreign subsidiaries (other comprehensive income)							26,793	26,793		26,793		26,793
Cash flow hedges (other comprehensive income)						26,775		26,775		26,775		26,775
Purchase of treasury shares		-4,997						0		-4,997		-4,997
Other								0	-1	-1		-1
As at 31 March 2023	**16,188**	**-6,926**	**146,943**	**146**	**561,096**	**15,301**	**113,078**	**689,620**	**457,344**	**1,303,169**	**0**	**1,303,169**

VII) CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31 MARCH 2023

Cash flow statement	From 01.01.2023 to 31.03.2023 PLN'000	From 01.07.2022 to 31.03.2023 PLN'000	From 01.01.2022 to 31.03.2022 PLN'000	From 01.07.2021 to 31.03.2022 PLN'000
Cash flows from operating activities	*3 months*	*9 months*	*3 months*	*9 months*
Gross profit/(loss)	40,105	163,507	40,099	150,314
Financial expenses recognised in the profit and loss account	7,590	24,249	3,650	8,583
Depreciation/amortisation	6,372	18,690	4,636	13,565
Profit/(loss) on investing activities	-150	-394	-22	-144
FX profit/(loss)	12,890	53,508	15,822	29,916
Gross profit after adjustments	**66,807**	**259,560**	**64,185**	**202,234**
Changes in working capital				
Change in trade and other receivables	382,288	-27,323	483,640	-192,321
Change in inventories	114,009	62,361	-538,237	-539,719
Change in other assets	-1,131	-2,200	-692	-153
Change in trade liabilities	-258,947	-98,327	-63,851	452,093
Change in liabilities under contracts with customers	15,922	22,113	-4,355	61,335
Change in provisions	698	4,920	2,795	14,528
Other adjustments	0	0	0	0
Changes in the working capital	**252,839**	**-38,456**	**-120,700**	**-204,237**
Cash generated from operating activities	**319,646**	**221,104**	**-56,515**	**-2,003**
Interest paid	0	0	0	0
Income tax paid	-14,036	-60,500	-9,144	-33,831
Net cash flows from operating activities	**305,610**	**160,604**	**-65,659**	**-35,834**
Cash flows from investing activities				
Payments for purchased financial assets	0	0	0	0
Inflows from disposal of financial assets	0	0	0	0
Interest received	42	56	0	5
Dividends received	0	0	0	0
Borrowings disbursed	0	-50	-15	-15
Borrowings repaid	26	81	19	59
Payments for tangible fixed assets	-1,578	-6,605	-12,009	-14,539
Inflows from tangible fixed assets	128	402	114	271
Payments for intangible assets	-422	-1,408	-146	-458
Paid development costs	0	0	0	0
Net cash (spent)/generated from investing activities	**-1,804**	**-7,524**	**-12,037**	**-14,677**
Cash flows from financing activities				
Dividend distribution	-20,085	-20,085	0	-16,143
Proceeds from issues of debt securities	0	30,000	0	0
Inflows from share issues	0	0	0	0
Payments for purchased treasury shares	-2,530	-4,997	-302	-302
Borrowings and loans received:	891	202,840	18,813	139,072
Borrowings and loans repaid	-264,184	-318,257	-21,778	-34,323
Interest	-6,343	-20,348	-2,076	-6,722
Redemption of debt securities	0	0	0	0
Lease under IFRS 16	-661	-1,574	-928	-2,499
Net cash used in financing activities	**-292,912**	**-132,421**	**-6,271**	**79,083**
Net change in cash and cash equivalents	**10,894**	**20,659**	**-83,967**	**28,572**

Unrealised profits/(losses) on FX differences relating to cash	-3,571	-3,519	-278	1,351
Cash and cash equivalents at the beginning of financial year	**60,760**	**50,943**	**203,062**	**88,894**
Cash and cash equivalents at the end of financial year	**68,083**	**68,083**	**118,817**	**118,817**

VIII) SEPARATE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31 MARCH 2023

Profit and loss account	From 01.01.2023 to 31.03.2023 PLN'000	From 01.07.2022 to 31.03.2023 PLN'000	From 01.01.2022 to 31.03.2022 PLN'000	From 01.07.2021 to 31.03.2022 PLN'000
Continuing operations	*3 months*	*9 months*	*3 months*	*9 months*
Sales revenues	2,032,659	7,084,610	2,037,621	6,468,267
Internal costs of sales	1,963,669	6,833,728	1,974,421	6,283,422
Gross profit/(loss) on sales	**68,990**	**250,882**	**63,200**	**184,845**
Costs of sale	32,673	112,370	38,252	97,614
Administrative expenses	8,710	17,690	7,529	17,984
Other operating revenues	3,304	5,734	2,467	5,374
Other operating expenses	316	4,499	-1,401	2,182
profit/(loss) on operating activities	**30,595**	**122,057**	**21,287**	**72,439**
Financial income	4,128	31,657	3,654	22,188
Financial expenses	14,474	47,290	6,975	13,833
Profit on disposal of affiliated entities	0	0	0	0
Share in profit of associated entities	0	0	0	0
Profit/(loss) before tax	**20,249**	**106,424**	**17,966**	**80,794**
Income tax	4,053	18,099	4,699	13,747
Net profit/(loss) from continued operations	**16,196**	**88,325**	**13,267**	**67,047**
Discontinued operations	0	0	0	0
Net profit/(loss) from continued operations	16,196	88,325	13,267	67,047
Net profit/(loss)	**16,196**	**88,325**	**13,267**	**67,047**
Net profit/(loss) attributable to:				
Shareholders of the parent entity	16,196	88,325	13,267	67,047
Non-controlling shareholders	0	0	0	0

	From 01.01.2023 to 31.03.2023	From 01.07.2022 to 31.03.2023	From 01.01.2022 to 31.03.2022	From 01.07.2021 to 31.03.2022
Average weighted number of ordinary shares used to calculate basic earnings per share (all ratios)	16,187,644	16,187,644	16,187,644	16,187,644
Profit/(loss) per ordinary share (PLN)	1.00	5.46	0.82	4.14
Diluted profit/(loss) per ordinary share (PLN)	1.00	5.46	0.82	4.14

IX) SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED ON 31 MARCH 2023

Statement of comprehensive income	From 01.01.2023 to 31.03.2023 PLN'000	From 01.07.2022 to 31.03.2023 PLN'000	From 01.01.2022 to 31.03.2022 PLN'000	From 01.07.2021 to 31.03.2022 PLN'000
Net profit/(loss)	**16,196**	**88,325**	13,267	67,047
Other comprehensive income:				
Items that may be reclassified to profit/loss in subsequent periods	**0**	**0**	**0**	**0**
FX differences from translation of investments in foreign entities	0	0	0	0
Hedge accounting	780	16,230	-5,679	-5,863
Share in other comprehensive income of affiliated entities	0	0	0	0
Results of revaluation of financial assets measured through other comprehensive income	0	0	0	0
Income tax pertaining to items that may be reclassified	0	0	0	0
Items that will not be reclassified to profit/(loss)	**0**	**0**	**0**	**0**
Results of revaluation of fixed assets	0	0	0	0
Actuarial gains and losses	0	0	0	0
Income tax pertaining to items that will not be reclassified	0	0	0	0
Total comprehensive income attributable to:				
Shareholders of the parent entity	**16,976**	**104,555**	**7,588**	**61,184**
Non-controlling shareholders				

X) Separate Statement of Financial Position for the period ended on 31 March 2023

ASSETS	Period ended on 31 March 2023 PLN'000	Period ended on 31 December 2022 PLN'000	Period ended on 30 June 2022 PLN'000	Period ended on 31 March 2022 PLN'000
Fixed assets	**269,473**	**269,428**	**269,498**	**270,358**
Intangible Assets	772	714	336	355
Goodwill	0	0	0	0
Tangible fixed assets	41,004	41,213	40,981	40,542
Right-of-use assets	7,599	7,860	8,603	8,684
Investment real properties	452	452	452	452
Long-term receivables	0	0	0	0
Long-term financial assets	163,045	163,275	162,217	161,562
Deferred income tax assets	56,601	55,914	56,909	58,763
Finance lease receivables	0	0	0	0
Current assets	**1,939,945**	**2,168,469**	**1,864,024**	**2,000,101**
Inventories	909,827	991,334	958,599	1,081,711
Trade and other receivables	933,243	1,084,654	831,244	795,838
Income tax receivables	700	0	0	0
Financial assets	40,423	39,449	25,373	22,143
Other assets	2,746	3,003	2,260	1,362
Cash and cash equivalents	53,006	50,029	46,548	99,047
TOTAL ASSETS	**2,209,418**	**2,437,897**	**2,133,522**	**2,270,459**

LIABILITIES AND EQUITY	Period ended on 31 March 2023 PLN'000	Period ended on 31 December 2022 PLN'000	Period ended on 30 June 2022 PLN'000	Period ended on 31 March 2022 PLN'000
Total equity	**800,823**	**786,227**	**721,351**	**708,368**
Equity attributable to the shareholders of the Parent Entity	**800,823**	**786,227**	**721,351**	**708,368**
Equity attributable to non-controlling shareholders	**0**	**0**	**0**	**0**
Issued share capital	16,188	16,188	16,188	16,188
Treasury shares	-6,926	-4,396	-1,929	-1,200
Supplementary capital, of which:	135,503	135,503	135,503	135,503
share premium over the nominal value of shares	135,503	135,503	135,503	135,503
Reserve capital	567,733	566,803	486,475	490,830
Retained profits	88,325	72,129	85,114	67,047
Liabilities and provisions for liabilities				
Long-term liabilities	**35,793**	**37,017**	**87,559**	**87,172**
Long-term borrowings and bank loans	30,580	31,270	81,445	80,382
Lease liabilities	4,577	5,111	5,896	6,100
Deferred income tax provision	0	0	0	0
Pension and similar benefit provisions	636	636	218	690
Short-term liabilities	**1,372,802**	**1,614,653**	**1,324,612**	**1,474,919**
Trade and other liabilities	1,080,013	1,220,240	1,027,471	1,111,883
Liabilities under contracts with customers	170,300	162,621	177,926	179,266
Short-term borrowings and bank loans	83,935	189,513	61,041	126,390
Lease liabilities	1,808	1,761	1,747	1,401
Other financial liabilities	0	0	2,042	1,681
Income tax liabilities	0	2,738	17,706	17,504
Short-term provisions	36,746	37,780	36,679	36,794
Total liabilities	**1,408,595**	**1,651,670**	**1,412,171**	**1,562,091**
TOTAL LIABILITIES AND EQUITY	**2,209,418**	**2,437,897**	**2,133,522**	**2,270,459**

XI) SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31 MARCH 2023

Statement of changes in equity	Share capital PLN'000	Treasury shares PLN'000	Supplementary capital PLN'000	General reserve capital PLN'000	Capital from measurement of cash flow hedges PLN'000	Total reserve capital PLN'000	Retained profits PLN'000	Total equity PLN'000
As at 01 July 2021	**16,188**	**-898**	**135,503**	**447,319**	**514**	**447,833**	**65,004**	**663,630**
Net profit for the financial year	0	0	0	0	0	0	85,114	85,114
Profit distribution for the preceding financial year	0	0	0	65,004	0	65,004	-65,004	0
Dividend	0	0	0	-16,143	0	-16,143	0	-16,143
Cash flow hedges (other comprehensive income)	0	0	0	0	-10,218	-10,218	0	-10,218
Purchase of treasury shares	0	-1,031	0	0	0	0	0	-1,031
Other	0	0	0	0	-1	-1	0	-1
As at 30 June 2022	**16,188**	**-1,929**	**135,503**	**496,180**	**-9,705**	**486,475**	**85,114**	**721,351**

Statement of changes in equity	Share capital PLN'000	Treasury shares PLN'000	Supplementary capital PLN'000	General reserve capital PLN'000	Capital from measurement of cash flow hedges PLN'000	Total reserve capital PLN'000	Retained profits PLN'000	Total equity PLN'000
As at 01 July 2022	**16,188**	**-1,929**	**135,503**	**496,180**	**-9,705**	**486,475**	**85,114**	**721,351**
Net profit for the financial year	0	0	0	0	0	0	88,325	88,325
Profit distribution for the preceding financial year	0	0	0	85,114	0	85,114	-85,114	0
Dividend	0	0	0	-20,085	0	-20,085	0	-20,085
Cash flow hedges (other comprehensive income)	0	0	0	0	16,230	16,230	0	16,230
Purchase of treasury shares	0	-4,997	0	0	0	0	0	-4,997
Other	0	0	0	-1	0	-1	0	-1
As at 31 March 2023	**16,188**	**-6,926**	**135,503**	**561,208**	**6,525**	**567,733**	**88,325**	**800,823**

XII) SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED ON 31 MARCH 2023

Cash flow statement	Period ended on 31 March 2023 PLN'000	Period ended on 31 March 2023 PLN'001	Period ended on 31 March 2022 PLN'002	Period ended on 31 March 2022 PLN'000
Cash flows from operating activities	*3 months*	*9 months*	*3 months*	*9 months*
Gross profit/(loss)	20,249	106,424	17,966	80,794
Financial expenses recognised in the profit and loss account	3,706	11,475	1,950	4,828
Depreciation/amortisation	1,447	4,281	1,297	3,678
Share in profit of subsidiary entities	0	0	0	0
Profit/(loss) on investing activities	-107	-219	-38	-90
FX profit/(loss)	-1,278	13,656	-2,321	-7,048
Gross profit after adjustments	**24,017**	**135,617**	**18,854**	**82,162**
Changes in working capital				
Change in trade receivables	151,411	-101,999	225,185	-225,604
Change in inventories	81,409	48,404	-246,749	-241,322
Change in other assets	257	-486	-211	497
Change in trade liabilities	-119,688	52,542	-60,339	367,251
Change in liabilities under contracts with customers	7,679	-7,626	-1,765	46,930
Change in provisions	-1,034	485	4,444	12,361
Other adjustments	0	0	0	0
Changes in the working capital	**120,034**	**-8,680**	**-79,434**	**-39,887**
Cash generated from operating activities	**144,051**	**126,937**	**-60,580**	**42,275**
Interest paid	0	0	0	0
Income tax paid	-8,361	-40,004	-4,137	-17,297
Net cash flows from operating activities	**135,690**	**86,933**	**-64,717**	**24,978**
Cash flows from investing activities				
Payments for purchased financial assets	0	0	0	0
Inflows from disposal of financial assets	0	0	0	0
Interest received	66	807	5,529	6,292
Dividend received	0	0	0	0
Borrowings disbursed	-21,000	-83,877	-21,250	-44,650
Borrowings repaid	24,620	72,788	46,850	76,564
Payments for tangible fixed assets	-958	-2,532	-561	-1,333
Inflows from tangible fixed assets	121	263	57	120
Payments for intangible assets	-184	-767	0	-113

Paid development costs	0	0	0	0
Net cash generated from investing activities	**2,665**	**-13,318**	**30,625**	**36,880**
Cash flows from financing activities				
Dividend distribution	-20,085	-20,085	0	-16,143
Proceeds from issues of debt securities	0	30,000	0	0
Inflows from share issues	0	0	0	0
Payments for purchased treasury shares	-2,530	-4,997	-302	-302
Borrowings and loans received:	0	100,052	4,645	26,527
Borrowings and loans repaid	-109,102	-161,425	-17,356	-27,486
Interest	-3,066	-9,322	-801	-3,914
Redemption of debt securities	0	0	0	0
Payments under leases (IFRS 16)	-595	-1,380	-234	-480
Net cash used in financing activities	**-135,378**	**-67,157**	**-14,048**	**-21,798**
Net change in cash and cash equivalents	**2,977**	**6,458**	**-48,140**	**40,060**
Cash and cash equivalents at the beginning of financial year	**50,029**	**46,548**	**147,187**	**58,987**
Cash and cash equivalents at the end of financial year	**53,006**	**53,006**	**99,047**	**99,047**

XIII) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPLIANCE STATEMENT

These Abbreviated Interim Consolidated Financial Statements of the Group have been prepared in compliance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") and in accordance with the relevant accounting standards applicable to interim financial reporting approved by the European Union, published and in force at the time of preparation of these Interim Consolidated Financial Statements.

The Interim Abbreviated Consolidated Financial Statements do not contain all the information that is disclosed in the annual consolidated financial statements made in compliance with IFRS. The Interim Abbreviated Consolidated Financial Statements should be read jointly with the Consolidated Financial Statements of the AB Capital Group for 2021/22.

2. APPLIED ACCOUNTING PRINCIPLES

The financial statements have been prepared using the same rules and measurements for the current and comparable periods.

- **Going concern assumption**

The consolidated financial statements have been prepared under the assumption that the Group will continue as a going concern in the foreseeable future. As of the date of these financial statements, no circumstances exist that would pose a threat to the continuation as a going concern.

- **Functional currency and reporting currency**

All values disclosed in the consolidated financial statements are given in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of the Capital Group. The data in the financial statements has been disclosed in PLN'000, unless, in certain circumstances, a greater accuracy has been applied.

- **Consolidation basis**

These consolidated financial statements were made in accordance with the historical cost convention with the exception of derivative financial instruments which are stated at fair value.

The consolidated financial statements include the financial statements of the parent entity and the financial statements of the entities controlled by the parent entity. Control is deemed to have been assumed when the Parent Entity is able to influence financial and operational policies of the subordinated entities, directly or indirectly, in order to benefit from their activity.

Financial performance of the subsidiary entities acquired or disposed during the year is disclosed in the consolidated financial statements from/until the time of effective acquisition or disposal.

These financial statements are the consolidated financial statements of the Group for the period from 01.07.2022 to 30.03.2023, and they include financial data of the parent entity AB S.A., Alsen Sp. z o.o., Alsen Marketing Sp. z o.o., B2B IT Sp. z o.o., Optimus sp. z o.o., Rekman Sp. z o.o., as well as the financial data of the Czech companies and the Slovak company for the period from 01.07.2022 to 31.03.2023.
The financial figures for the previous financial period, i.e. from 01.07.2021 to 31.03.2021 and the financial data as at 30 June 2022 is presented as comparable data.

The parent entity and Alsen Sp. z o.o., Alsen Marketing Sp. z o.o., B2B Sp. z o.o., Rekman Sp. z o.o., Optimus Sp. z o.o., Rekman Sp. z o.o. keep their books in compliance with the accounting rules set forth in the Accounting Act of 29 September 1994, as amended. The Czech companies and the Slovak company keep their books in compliance with the national standards applicable in the territory of the Czech Republic and Slovakia, respectively. To make the consolidated financial statements compliant with IFRS, adjustments have been made, which are not included in the books of account of the entities within the Group.

Whenever required, the financial statements of subsidiary or associated entities are adjusted to make the accounting rules applied by these entities compliant with the rules applied by other Group entities.

All transactions, balances, revenues, and expenses between the consolidated entities are fully eliminated for consolidation purposes.

- **Business combinations**

Takeover of subsidiary entities and separate business operations have been accounted for in accordance with the acquisition method as per IFRS 3, applicable as at the combination date.

- **Goodwill**

Goodwill resulting from the acquisition represents a difference between the total purchase consideration and the total of fair values of the identifiable assets, liabilities, and contingent liabilities of a subsidiary, an associated entity, or a joint venture recognised as at the acquisition date.
Goodwill is initially recognised as an asset at cost, and is subsequently measured at cost less any accumulated impairment.

- **Recognition of sales income**

The Group generates sales revenues from wholesale and retail sale of computers, computer hardware, toys, AV equipment and household appliances and from the subscription sales of licenses of computer programs and provision of marketing services. Sales revenues are recognised at fair value received or due after accounting for anticipated discounts, returns by customers, and similar charges.

<u>Sales of goods</u>

Revenues from sales of goods are recognised when all conditions specified below have been met:

- the Group has transferred control over the ordered goods to the buyer,
- the remuneration due for the delivered goods has been reliably estimated;
- it is probable that the economic benefits associated with the transaction will be received by the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group recognises revenues from sales of goods when control is transferred to the customer, i.e. at the time of sale, because at that point the customer has full disposal of the purchased goods, i.e. they can sell the goods to their customer, redirect the goods sent by courier to another shipping address or have the Group ship the goods directly to their customer. The Group provides its customers with the opportunity to sell using ready-made B2B and B2C shops, where goods from the Group's warehouse are sold directly to the end customer.
The amount of revenue covers an amount underlying the contract less eligible discounts to which the customer becomes entitled after satisfying the terms and conditions provided for in the contract. Variable factors, for example, may include the value and increase of sales, the type of goods. Such discounts are recognised in the period to which they apply. Revenues from sales of goods are recognised at a specific time. The Group sells wholesale to professional customers and it sells retail. The right of return is provided for in specific cases established under regulations of law. Furthermore, the Group may contractually determine the

right to return purchased goods pursuant to the criteria established in bilateral trade agreements. The Group estimates a relevant potential liability, and, if material, it recognises potential liabilities relating to the expected returns in an appropriate manner.
If the goods distribution agreement executed with a specific manufacturer or other supplier or other agreements impose on the Company obligations of providing maintenance services or warranty repairs, the Group estimates envisaged costs to be incurred recognising them in provisions and making an appropriate adjustment of own costs in a given reporting period.

Provision of services

Revenues generated under service contracts is recognised by reference to the stage of completion of the transaction under each contract and the customer derives economic benefits from the completed performance. If licenses are sold under a subscription model, revenue is recognised proportionally to the lapse of a period for which such subscription has been purchased.

Interest revenue

Interest revenue is recognised on an accrual basis by reference to the amount of the outstanding principal and subject to the effective interest rate which is the rate effectively discounting estimated future cash receipts through the expected life of an asset to the net carrying amount of the asset.

- **Foreign currencies**

The separate financial statements of the Group companies are presented in the currencies prevailing on the markets of their respective business operations (their functional currencies). The consolidated financial statements present the financial results and items relating to the individual entities in the Polish zloty (PLN), which is the functional currency of the Parent Entity and the presentation currency of the consolidated financial statements.

In the separate financial statements transactions executed in other currencies than Polish zlotys (PLN) are disclosed at the exchange rate prevailing on the transaction date. As at the balance sheet date, foreign currency-denominated cash assets and liabilities are translated at the exchange rate prevailing on that date. Non-cash assets and liabilities measured at fair value and denominated in foreign currencies are translated at the exchange rate prevailing on the date the fair value has been determined. Non-cash items stated at historical cost in foreign currencies are not re-translated.
FX differences are recognised in the Comprehensive Income Statement in the period in which they occurred, with the following exceptions:

- FX differences concerning assets under construction to be used in production that are incorporated as costs of such assets and that are treated as adjustments of interest expense of foreign currency-denominated loans;
- FX differences resulting from transactions executed to hedge certain FX risk (see: rules of hedge accounting); and
- FX differences resulting from cash receivables from or liabilities towards foreign entities with which no settlements are planned or such settlements are not likely and that are part of net investments in such foreign entities and are recognised in reserve capital for currency translations and in the net profit/(loss) on disposal of investments.

For consolidation purposes, the assets and liabilities of foreign subsidiaries are translated into PLN at the exchange rate prevailing as at the balance sheet date. Income and expenses are translated at the mean exchange rate for the reporting period except when fluctuations of the exchange rates are material (then the exchange rates of the transaction dates are applied). Any resultant FX differences are recognised in the consolidated financial statements in equity and are transferred to the reserve fund for currency translations set up by the Group. Such FX differences are recognised as income or expenses in the period when a foreign subsidiary is sold.

Goodwill and fair value adjustments resulting from the acquisition of a foreign subsidiary are treated as an asset or liability of the entity domiciled abroad and are translated into PLN at the exchange rate prevailing as at the balance sheet date.

- **External borrowing costs**

External borrowing costs directly related to the acquisition or manufacturing of assets that require a longer time to be used or resold are added to the manufacturing costs of such assets until the assets are ready for intended application or resale. Gains on investments generated as a result of short-term investments of the external funding before they are invested in the assets referred to above reduce the external borrowing costs subject to capitalisation.

All other costs of external funding are recognised directly in the profit and loss account in the period in which they were incurred.

- **Costs of future retirement benefits**

In accordance with the labour law regulations, the employees of the Group are entitled to a retirement allowance. It is a one-off payment due to employees upon their retirement. The amount of retirement allowances depends on the average salary of an employee. The Group sets up a provision for future retirement allowance liabilities in order to allocate the costs to the relevant periods. In accordance with IAS 19, retirement allowances are defined post-employment benefit plans. The accrued liabilities are equal to the discounted payments to be made in the future subject to staff rotation and apply to the period until the balance sheet date. Demographic data and information on staff rotation is based on historical data. Changes in the provisions resulting from the calculations are recognised as profit or loss.

- **Taxation**

Income tax of the entity includes current tax payable and deferred tax.

Current tax

The current tax liability is calculated on the basis of the taxable result (base) for the current financial year. A tax profit/(loss) differs from the book net profit/(loss) due to exclusion of taxable income and tax-deductible expenses in future periods, as well as income and expenses that are never subject to taxation. The current income tax liability of the Group is calculated at the tax rates applicable in a given financial year.

Deferred income tax

Deferred income tax is calculated using the balance sheet liability method as a tax payable or refundable in the future, taking into account differences between the carrying amount of assets and liabilities and the corresponding tax values used to calculate the taxation base.
The deferred income tax provision is recognised with respect to all positive temporary taxable differences, while the deferred income tax assets are recognised at a probable reduction amount of future taxable profit by recognised negative temporary differences. No deferred income tax asset or provision is recognised when a temporary difference arises from goodwill or due to initial recognition (other than in a business combination) of another asset or liability, which, at the time of transaction, does not affect the accounting or taxable profit.

The deferred income tax provision is recognised on temporary tax differences resulting from investments in subsidiary and affiliated entities and in joint ventures unless the Group is able to control the reversal moment of such temporary difference and it is probable that in the foreseeable future the temporary difference is not reversed. Deferred income tax asset for deductible temporary differences related to such investments and interests is recognised to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of the deferred income tax asset is subject to review as at each balance sheet date and when the anticipated future taxable profit is not sufficient to recover the asset or a part thereof, the value is reduced accordingly.

The deferred income tax assets and provisions are calculated at the tax rates that will be applicable when such asset is realised or liability becomes due, in accordance with the tax regulations (rates) applicable legally or actually as at the balance sheet date. The measurement of deferred income tax assets and liabilities reflects tax consequences of the method according to which the Group expects to recover or settle the carrying amount of deferred income tax assets and liabilities as at the date of the Financial Statements.

The deferred income tax assets and liabilities are set-off when there is a right to set-off current income tax assets against current income tax liabilities, as long as such items are taxable by the same tax authority and the Group intends to settle its income tax assets and liabilities at net amounts.

Current and deferred income tax for the current accounting period

Current and deferred income tax is recognised as income or expense in profit and loss account, except to the extent that tax arises from items recognised directly in equity, in which case income tax is also recognised in equity, or from the initial recognition of business combinations. In the case of business combinations, tax consequences are taken into account for goodwill calculation or determination of fair value of the acquiring entity's share in identifiable assets, liabilities, and contingent liabilities of the acquired entity in excess of the acquisition cost.
As at the balance sheet date of 31.03.2023, the current income tax liability in the Group amounted to TPLN -33,510 and the deferred income tax amounted to TPLN -849.

- **Leasing**

The AB Group acts as a lessor within the scope of rental agreements for office and as a lessee within the scope of rental agreements for office and warehouse space and under the perpetual usufruct right of land. For lease contracts, in which it acts as a lessee, the Group recognised the right-to-use assets, as well as lease liabilities, in accordance with IFRS 16.

The Group uses available exemption from the application of the requirements of the standard with regard to short-term leases and leases for which the underlying asset is low value (does not exceed the amount of USD 5,000). In such case, the Group recognises cyclical lease payments in its profit or loss account.

An agreement may be classified as a short-term contract if its term does not exceed 12 months. When assessing the lease term and the length of the non-cancellable period of lease, the Company applies the definition of a contract and determines the period for which the contract is enforceable (IFRS 16, Paragraph B34). A lease is no longer enforceable when both the lessee and the lessor each has the right to terminate the lease without permission from the other party, with no more than an insignificant penalty.

- **Tangible fixed assets**

Fixed assets and fixed assets under construction are initially recognised at the acquisition or manufacturing cost.
As at the balance sheet date, fixed assets are recognised at the acquisition or manufacturing cost reduced by accumulated depreciation and impairment allowances.
As at the balance sheet date fixed assets under construction are recognised at the acquisition or manufacturing cost.
Depreciation rates are applied in order to reduce the acquisition or manufacturing cost of assets other than fixed assets under construction. Such impairment allowances are made applying a straight-line method over

assets' useful life, starting from the month following the month a fixed asset has been brought to use. Estimated useful life, residual values and depreciation methods are subject to review at the end of each year and the results of any changes to estimates are recognised prospectively.
In accordance with the materiality principle, fixed assets with the initial value under PLN 2,500 are expensed on a one-off basis in the month in which such fixed assets have been brought to use.
Assets held pursuant to finance lease contracts are depreciated over a period of their anticipated useful economic life in accordance with the same principles as the Company's own assets, however, not longer than until the end of the lease contract.
Profit or loss resulting from disposal/liquidation or withdrawal from use of property, plant and equipment is a difference between the sales revenues and the carrying amount of such items and is recognised in the profit and loss account.

- **Investment real properties**

Investment real properties are the properties that generate rental income and/or are held with the anticipation that they will grow in value. Investment real properties are initially recognised at the acquisition cost.
As at the balance sheet date, investment properties are recognised at the acquisition cost less accumulated depreciation and impairment allowances.

- **Intangible assets**

Intangible assets acquired by separate purchase transactions

Intangible assets acquired by separate purchase are recognised at historical cost reduced by accumulated depreciation and impairment losses. Amortisation is applied using a straight-line method over the anticipated useful life of the assets. The estimated useful life and the related amortisation are reviewed at the end of each annual reporting period and the effects of changes in estimates are recognised in the future reporting periods.

In accordance with the materiality principle, intangible assets with the initial value under PLN 2,500 are expensed on a one-off basis in the month in which such intangible assets have been brought to use.

Intangible assets acquired through business combinations

Intangible assets acquired as part of a business combination are identified and recognised separately from goodwill if they comply with the definition of intangible assets and if their fair value can be reliably assessed. The cost of such assets is equivalent to their fair value as at the acquisition date.

After the initial recognition, the assets are disclosed at historical cost reduced by amortisation and accumulated impairment losses in the same manner as intangible assets acquired by separate purchase.

Intangible assets with indefinite useful lives relating to the AT Computers and Comfor Stores trademarks have been recognised in the Group's balance sheet. No amortisation charge is made for these intangible assets as the Parent Company has no plans to resell the companies or trademarks in the foreseeable future. However, an annual impairment test is performed.

Impairment of tangible fixed assets and intangible assets excluding goodwill

As at each balance sheet date, the Group reviews the carrying amounts of its tangible fixed assets and intangible assets to identify any indications of impairment. Where there is an indication of impairment, the recoverable amount of an asset is calculated to determine a potential impairment allowance. Where an asset does not generate cash flows that are largely independent of those generated from other assets, such an analysis is performed for a cash generating unit (CGU) of which such an asset is part. If it is possible to identify a reliable and uniform allocation basis, fixed assets items held by the Group are allocated to specific CGUs or to the smallest groups of CGUs for which a reliable and uniform allocation basis may be identified.

With respect to intangible assets with indefinite useful life, impairment tests are performed annually and, additionally, when there is an indication of possible impairment.

The recoverable value is the higher of: fair value, less costs of sale or the value in use. The latter is equivalent to the present value of future cash flows discounted with a gross discount rate accounting for the time value of money and the risk specific for each asset.

If the recoverable amount is lower than the carrying amount of an asset (or CGU), the carrying amount of the asset or CGU is reduced to the recoverable value. Impairment allowance is recognised forthwith as the cost of the period in which it occurred with the exception of a situation when an asset is recognised at its revalued amount (then the impairment is treated as a reduction to the prior revaluation).

If an impairment allowance is subsequently reversed, the net value of an asset (or CGU) is increased to the new estimated recoverable amount not exceeding, however, the carrying amount of the asset that would have been recognised if no impairment of the asset/CGU had been previously recognised. Impairment reversal is recognised forthwith in the profit and loss account as long as the asset was not revalued earlier – in such a case, reversal of impairment is treated as an increase in revaluation.

- **Inventories**

Inventories include goods, materials, and finished products. Goods and materials are disclosed at the acquisition cost, including the purchase price increased by import duties, the costs of transportation, loading, unloading, and other costs directly related to the acquisition of goods and materials, less any discounts and rebates, however, not higher than the net selling price. Outflows of materials and goods are recognised at weighted average prices.
The manufacturing costs of products include costs directly related to a product unit and appropriately allocated variable and fixed manufacturing overheads. Variable manufacturing overheads are allocated to a product unit on the basis of the current use of the manufacturing machinery and equipment. Fixed manufacturing overheads are allocated on the basis of normal use of the production capacity. Outflows of materials and goods are recognised at weighted average values.
The net sale price is a realisable price as at the balance sheet date net of VAT.

Additionally, the Group calculates an impairment allowance for inventories for each balance sheet date on the basis of their ageing analysis. The Group makes an estimate of a predicted impairment during their subsequent resale of goods that are in the oldest ageing brackets made pursuant to transactions executed on the same or similar types of goods. As at 31 March 2023, the an impairment allowance for inventories amounted to PLN 113.2 million.

- **Provisions**

Provisions are recognised when the Group has present liabilities (legal or contractual) that result from past events, the Group will probably have to pay them and their amount can be reliably assessed.

A recognised provision reflects most accurately the estimated expenditure required to settle a present obligation as at the balance sheet date, taking into account the underlying risk and the related uncertainty. If the provision is assessed using the estimated cash flows required settling the present obligation, the carrying amount is equal to the present value of the cash flows.

If it is probable that economic benefits required covering the provisions may be recovered from a third party in part or in whole, such receivable is recognised as an asset provided the probability of recovering such amount is high enough and the amount can be reliably measured.

Provisions for the costs of warranty repairs are recognised at the time of the sale of goods, taking into account management's best estimate as to the future costs to be incurred by the Group during the warranty period.

The Group establishes provisions for:
- retirement allowances,
- holiday leaves,
- costs concerning the reporting period, but not included in the financial statements, and which the Group is able to reliably estimate,
- warranty repairs.

- **Financial assets**

Investments are recognised on the purchase date and derecognised on the disposal date, if a contract requires that they are delivered on a date determined by the relevant market; the initial value is measured at fair value less transaction expenses with the exception of those assets that are classified as financial assets originally measured at fair value through profit and loss account.

The Group has been classifying the financial assets into the following categories:
- financial assets measured at amortised cost,
- financial assets measured at fair value through profit and loss account
- financial assets measured at fair value through other comprehensive income.

The classification is subject to the business model applied to asset management, approved by the Group and the contractual conditions of cash flows for the relevant financial asset.
The Group re-classifies investments in debt instruments only when the management model of the assets changes.

Financial assets measured at amortised cost

Debt instruments kept in compliance with the business model to generate cash flows are measured at amortised cost. Measurement is made with the effective interest rate method to the gross carrying amount of the financial assets with the exception of financial assets that are impaired due to credit risk. Income from debt instruments other than financial assets measured at fair value through profit and loss account is recognised at the effective interest rate.

Financial assets measured at fair value the profit and loss account

Assets that do not comply with the requirements to be measured at amortised cost or at fair value through other comprehensive income, are measured at fair value through financial result. Financial assets measured at fair value through profit and loss account are disclosed at fair value and the resultant profit or loss is recognised in the profit and loss account. A net profit or loss recognised in the profit and loss account includes dividend or interest generated by a specific financial asset.

Financial assets measured at fair value through other comprehensive income

The group includes financial assets with cash flows being solely payments of the principal and interest and which in compliance with the business model are kept in order to maintain contractual cash flows and sale of financial assets;

A financial asset is classified as available for sale if:

- it has been purchased for re-sale in the near future; or
- it is part of a portfolio of financial instruments managed by the Group as a whole, in compliance with the current and actual model to generate short-term profit; or
- it is a derivative instrument not classified as a hedging instrument.

A financial asset other than available for sale may be classified as measured at fair value through other comprehensive income if:

- such classification eliminates or materially reduces inconsistencies of valuation or recognition occurring in other circumstances; or
- contractual conditions concerning the financial asset generate cash flows at pre-determined dates that constitute repayments of principal and payments of interest on the outstanding principal.

The above classification does not apply to FX profit and loss on financial assets used as hedging items in compliance with Hedge Accounting applied by the Company.

Impairment of financial assets

Financial assets – apart from those measured at fair value through profit and loss account – are tested for impairment at each balance sheet date. Financial assets lose value, irrespective of the fact if there are objective impairment indicators. For trade receivables, the Group applies a matrix of impairment allowances where receivables are grouped by age and anticipated losses are estimated on that basis.

The carrying amount of a financial asset is reduced directly with an impairment allowance with the exception of trade receivables whose carrying amount is reduced with allowances made to a specially designated account. The charges apply to trade receivables deemed as uncollectible; when they are collected, such amounts are credited to the account. Changes in the carrying amount of the impairment account are recognised in the profit and loss account.

If in a subsequent period, the amount of impairment allowances is reduced and the reduction may be objectively related to an event that has occurred after the impairment allowance, the impairment allowance shall be reversed through the statement of comprehensive income to the extent corresponding to the reversed carrying amount as at the impairment date and up to the amount of the amortised historical cost that would have been recognised had it not been for the impairment. The above applies to all assets with the exception of available-for-sale equity instruments. In this case, an increase of fair value following impairment is recognised directly in equity with the exception of interest income and FX profit which is recognised in financial result.

De-recognition of financial assets

The Group derecognises financial assets only after expiry of any contractual rights to cash flows generated by such assets or when such financial assets substantially with all their related risk and all rewards have been transferred to another entity. If the Group does not transfer nor retains substantially all risk and all rewards related to a financial asset and retains control of such asset, it recognises the retained share in such asset and the related liabilities under potential payments. However, if the Group retains substantially all risk and all rewards related to such a transferred asset, it continues to recognise the financial asset and any secured borrowings underlying the received income.

- **Liabilities under contracts with customers**

The item covers liabilities under future outflows of the Group companies. Future outflows result from activities, which are to occur in the future further to arrangements made in the past with business partners, however, the date and/or amount of such outflows is not certain. The actual date of an outflow of benefits results from final arrangements with a business partner, and, consequently, the date of actual execution of individual activities as planned, among others, in the form of promotional events, granted discounts, organised training.

- **Financial liabilities and equity instruments issued by the Group**

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as equity, subject to contractual arrangements.

Equity instruments

Equity instruments include any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. They are recognised in the amounts received less direct issue costs.

Financial liabilities

Financial liabilities are classified either as financial liabilities stated at fair value through the statement of comprehensive income or as other financial liabilities.

Financial liabilities measured at fair value through profit and loss account

This category includes available- for- sale financial liabilities or liabilities defined as stated at fair value through profit and loss account.

A financial liability is classified as available for sale if:

- it has been contracted primarily to be repurchased within a short time;
- it is part of a portfolio of financial instruments managed by the Group as a whole, in compliance with the current and actual model to generate short-term profit; or
- it is a derivative instrument not classified as a hedging instrument.

A financial liability other than available for sale may be classified as measured at fair value through profit and loss account at initial recognition if:

- such classification eliminates or materially reduces the inconsistency of valuation or recognition occurring in other circumstances; or
- the financial asset is part of a group of financial assets or liabilities or both that are managed and its performance is measured on a fair value basis in accordance with the documented risk management strategy or investments of the Group within which information on asset groups is transferred internally; or
- it is part of a contract containing one or more embedded derivative instruments and IAS 39 allows classification of the entire contract (an asset or a liability) to be measured at fair value through profit and loss account.

Financial liabilities measured at fair value through profit and loss account are stated at fair value and the resultant financial profit or loss is recognised in the profit and loss account, including interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including bank loans and borrowings, are initially measured at fair value net of transaction costs.

Subsequently, they are measured at the amortised historical cost using the effective interest rate method and interest expense is recognised using the effective income method.

The effective interest method is used to calculate the amortised cost of a liability and to allocate interest expenses to the relevant periods. The effective interest rate is a rate discounting future cash payments over the foreseeable useful life of a liability or over a shorter time, if required.
The above classification does not apply to FX income and expense on financial liabilities used as hedging items in compliance with hedge accounting applied in the Group.

Derivative instruments

The Group uses FX term contracts like forward to hedge against FX risk.

Derivative instruments are recognised at fair value as at the date of the contract and subsequently they are re-measured to fair value as at each balance sheet date. The resultant profit or loss is immediately recognised in the profit and loss account and in other comprehensive income in compliance with the hedge accounting used in the Group.
Derivative instruments are disclosed as financial assets or liabilities depending on their current value.
Derivative instruments not designated as effective hedging instruments are classified as current assets or liabilities.

Hedge accounting

In line with the accounting principles adopted, the results of changes in the valuation of hedging instruments insofar as they function as effective hedging, are charged to revaluation reserve and then they adjust sales. The results of balance-sheet valuation of hedging instruments are recognised in the statement of other comprehensive income.

The effects of changes in the measurement of the hedged positions to the extent they constitute an effective hedge are recognised in the revaluation reserve (cash flow accounting) and recognised as profit or loss of the current period (fair value accounting). The profit and loss related to the hedged position resulting from the hedged risk is also recognised as profit or loss of the current period, respectively.

The Group mitigates the level of FX risk by executing forward currency contracts (outright and NDF). Hedging transactions are executed in line with the procedures applicable in the AB Group and are always reflected in the open position exposed to the FX risk. The Group uses derivative instruments only for the purpose of hedging its operational activities.

- **Critical accounting judgements and the basis for estimation of uncertainties**

Using the accounting rules applicable within the Group as specified in Note No. 2, the Management Board has to make judgements, estimates, and assumptions concerning the carrying amount of assets and liabilities that cannot be assessed otherwise on the basis of available sources. Estimates and their underlying assumptions are based on historical experience and other factors deemed as material. The actual results may differ from the assumed estimates.

Estimates and the underlying assumptions are subject to an ongoing review. Changes in the estimated values are recognised in the period of the review if they apply solely to such a period or in the current period and future periods if the changes apply to both a current period and to future periods.

- **Critical accounting judgements**

Below are presented the critical judgements other than related to the estimates (see below) made by the Management Board in the process of applying the Group's accounting principles, having the greatest influence on the values presented in the consolidated financial statements.

Impairment of goodwill

In order to verify whether goodwill has been impaired, an estimate of the value in use of all cash-generating units to which goodwill has been attributed needs to be made. To calculate the value in use, the Company needs to estimate future cash flows attributable to an entity and determine an appropriate discount rate as required to calculate the present value of such cash flows.
As at the balance sheet date, the carrying amount of goodwill was PLN 53.2 million.

Intangible assets with unspecified useful life.

Intangible assets with indefinite useful life are annually tested for impairment at the level of cash generating units. As at the balance sheet date, the Group holds intangible assets with indefinite useful life that amount to PLN 27.9 million.

Impairment of assets

As at each balance sheet date, the Group verifies if there are any indications of impairment of non-financial assets. The assessment of the value in use consists in identifying future cash flows by a centre generating cash flows and requires determination of a discount rate to calculate the present value of such cash flows. As at 31 March 2023, in the opinion of the Management Board no assets held by the Group had been impaired.

Useful lives of property, plant and equipment and intangible assets

The depreciation and amortisation rates are determined on the basis of an anticipated economic useful life of property, plant. and equipment and intangible assets. Annually, the approved economic useful life is subject to review on the basis of current estimates. As at the balance sheet date, the tangible fixed assets amounted to PLN 164.8 million.

Rules of estimating liabilities under contracts with customers

The value of a liability recognised in the balance sheet reflects most accurately the estimated expenditure required to settle a present obligation as at the balance sheet date, taking into account the underlying risk and the related uncertainty. If the liability amount is determined using the estimated cash flows required settling the present liability, its carrying amount is equal to the present value of the cash flows.

Measurement of provisions for employee benefits

The provisions for employee benefits (provision for retirement allowances) have been assessed using actuarial methods.

Fair value of financial instruments

Fair value of financial instruments for which there is no active market is measured using the appropriate measurement techniques. The Group uses a professional judgement to select adequate methods and to make assumptions. The Management Board makes a judgement selecting an appropriate method to measure financial instruments not quoted on an active market. The methods applied are commonly used by market players. With respect to financial derivative instruments, the assumptions are based on market rates adjusted for instrument-specific features. Other financial instruments are measured at discounted cash flows on the basis of assumptions confirmed to the extent possible with observable prices or market rates.

Deferred income tax asset

The Group recognises a deferred income tax asset assuming that a taxable profit will be generated in the future to utilise the asset. Material deterioration of the generated taxable profit in the future could render this assumption unjustified.

Impairment allowances of receivables and inventories

As at the balance sheet date, the Group assesses if there is objective evidence of impairment of receivables and inventories. If the recoverable amount of an asset is below its carrying amount, a given unit recognises an impairment allowance to the present value of anticipated cash flows.

Pursuant to IFRS 9 the Group has introduced a new model with regard to determination of impairments, i.e. the model of expected credit losses.

As concerns value impairment, the Group has performed credit risk analysis for the financial assets (including trade receivables, other receivables), which has been based on the adopted credit loss risk estimation model. Categories of the receivables due from related companies have been separated in the trade and other receivables which are subject to the insurance coverage under insurance policies and receivables which are not insured. Weights of the probability of default (POD) have been assigned to the separated groups and values of receivables depending on the bracket of ageing of receivables (current (0) – 30 – 90 – 180 – 360). As regards the group of insured receivables, the estimation related only to deductibles (EAD), additionally dividing business partners into risk classes assigning to them various weights of probability (POD) according to ratings adopted by insurers. As regards insured (deductible) and uninsured receivables, the Group used a multiplier that retrospectively corresponded to the effectiveness of collection activities over a period of the financial year. An aggregated expected credit loss (ECL) is the result of the adopted rules.

The Group calculates an impairment for inventories for each balance sheet date on the basis of their ageing analysis. The Group Companies
make an appropriate estimate of a predicted impairment during their subsequent resale of goods
that are in the oldest ageing brackets, among others, made pursuant to transactions executed on the same or similar types of goods based on statistical impairment of the market value of goods according a matrix of ageing or pursuant to the comparison of the lowest market prices. The analysis uses transactions executed in the last quarter before the balance sheet date, having regard to significant volatility in prices of goods and fast economic ageing (including computer hardware, consumer electronics). Impairment calculation considers an average level of price equalisation by suppliers for reference goods within an ageing bracket of less than 30 days.

3. OPERATING SEGMENTS

The basic reporting presentation of the Group is based on geographical segments.

Geographical segments

The three key divisions of the Company operate in three basic geographical areas: A, B, and C. The composition of each geographical segment is as follows:

Area A Poland	In Area A the Group operates wholesale outlets.
Area B Czech Republic	In Area B the Group operates wholesale and retail outlets and manufacturing facilities.
Area C Slovakia	In Area C the Group operates wholesale outlets.

The Group’s revenues from external sales and information on assets in each geographical segment are presented below.

Income per segment

Revenues by segments	Period ended 31.03.2023 PLN'000	Period ended 31.03.2023 PLN'000	Period ended 31.03.2023 PLN'000	Period ended 31.03.2023 PLN'000
	External sales	Sales between segments	Other	Total
Poland	7,015,136	302,148	0	7,317,284
Czech Republic	4,600,912	682,995	0	5,283,907
Slovakia	514,508	0	0	514,508
Total segments	12,130,556	985,143	0	13,115,699
Eliminations				985,143
Consolidated income				**12,130,556**

Revenues by segments	Period ended 31.03.2022 PLN'000	Period ended 31.03.2022 PLN'000	Period ended 31.03.2022 PLN'000	Period ended 31.03.2022 PLN'000
	External sales	Sales between segments	Other	Total
Poland	6,272,577	354,154	0	6,626,731
Czech Republic	4,108,172	548,121	0	4,656,293
Slovakia	452,093	0	0	452,093
Total segments	10,832,842	902,275	0	11,735,117
Eliminations				902,275
Consolidated income				**10,832,842**

The selling prices between segments are comparable to the prices applied in external sales of similar products.

Assets and liabilities per segment

Assets and liabilities by segments	31.03.2023 PLN'000	31.03.2023 PLN'000
	Assets	Liabilities
Poland	2,238,725	1,463,050
Czech Republic	1,099,078	576,805
Slovakia	72,156	66,935
Total segments	**3,409,959**	**2,106,790**

Assets and liabilities by segments	31.03.2022 PLN'000	31.03.2022 PLN'000
	Assets	Liabilities
Poland	2,301,542	1,628,824
Czech Republic	1,117,650	662,906
Slovakia	61,691	57,841
Total segments	**3,480,883**	**2,349,571**

Results per segment

Result	Period ended 31.03.2023 PLN'000	of which: interest expense/income PLN'000
Continuing operations		
Poland	97,900	-45,231
Czech Republic	64,075	-20,665
Slovakia	1,532	0
Profit before tax	163,507	
Income tax	32,661	
Profit for the financial year on continuing operations	130,846	
Discontinued operations		
Profit before tax	0	
Income tax	0	
Profit for the financial year from discontinued operations	0	
Profit for the financial year	**130,846**	

Depreciation/amortisation per segment

Depreciation/amortisation by segments	Period ended 31.03.2023 PLN'000	Period ended 31.03.2023 PLN'000
Continuing operations	**Acquisition of fixed assets**	**Depreciation/amortisation**
Poland	5,418	8,930
Czech Republic	3,520	9,751
Slovakia	0	9
Consolidated	**8,938**	**18,690**

Information on products and services

The business of the Group is split into:

- wholesale trade in computer, telecommunications, multimedia, electronic equipment and household appliances
- retail trade in computer hardware,
- wholesale and retail trade of toys
- personal computer manufacturing

Revenues	Period ended 31.03.2023 PLN'000	Period ended 31.03.2023 PLN'000	Period ended 31.03.2023 PLN'000
	Sales revenues	**Assets**	**Acquisition of fixed assets**
Wholesale trade	11,991,560	3,267,610	7,551
Retail trade	99,376	20,072	129
Manufacturing	39,620	122,277	1,258
Total	**12,130,556**	**3,409,959**	**8,938**

Revenues	Period ended 31.03.2022 PLN'000	Period ended 31.03.2022 PLN'000	Period ended 31.03.2022 PLN'000
	Sales revenues	Assets	Acquisition of fixed assets
Wholesale trade	10,675,908	3,336,712	16,471
Retail trade	65,959	16,351	46
Manufacturing	90,975	127,820	1,212
Total	**10,832,842**	**3,480,883**	**17,729**

The selling prices between segments are comparable to the prices applied in external sales of similar products.

4. Operations in the interim period

The seasonal fluctuations of individual items affecting the financial result in the period covered by the Report reflect the market trends from the preceding years.

5. Earnings per share

	Period ended 31.03.2023	Period ended 31.03.2022
Basic earnings per share		
From continuing operations in TPLN	130,846	120,990
From discontinued operations in TPLN	0	0
Total basic earnings per share in PLN	8.08	7.47
Diluted profit per share		
From continuing operations in TPLN	130,846	120,990
From discontinued operations in TPLN	0	0
Total diluted earnings per share in PLN	**8.08**	**7.47**

Basic earnings per share

Basic profit per share is calculated by dividing the net profit for the period attributable to the shareholders of the parent entity by the weighted average number of shares in the reporting period.

	Period ended 31.03.2023	Period ended 31.03.2022
Profit for the financial year attributable to the shareholders of the parent entity	130,846	120,990
Profit used to calculate the total basic earnings per share	130,846	120,990
Profit used to calculate the total basic earnings per share on continued operations	130,846	120,990
Average weighted number of the ordinary shares used to calculate the basic earnings per share	16,187,644	16,187,644
Average weighted number of the ordinary shares used to calculate the basic earnings per share	16,187,644	16,187,644

6. Dividends

The dividend payment took place on 16 January 2023. A total amount of PLN 20,084,524 was paid, representing PLN 1.25 for each ordinary and preference share (excluding treasury shares acquired by the Company under the Treasury Share Buyback Programme). The amount of payment attributable to ordinary shares totalled PLN 18,443,273.75, while the amount of PLN 1,641,250.00 related to preference shares.

7. Tangible fixed assets

Tangible fixed assets	Own land	Buildings and structures	Investments in third-party fixed assets	Plant and machinery and other	Investments in progress	Total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Valuation cost						
As at 01 July 2022	**15,458**	**154,166**	**66**	**114,974**	**888**	**285,552**
Increase	0	925	0	6,221	271	**7,417**
Liquidations/sales	0	0	0	-1,675		**-1,675**
Net FX differences	204	1,374	0	2,144	0	**3,722**
Acceptance for use	0	-87	0	445	-359	**-1**
As at 31 March 2023	**15,662**	**156,378**	**66**	**122,109**	**800**	**295,015**
Depreciation and impairment						
As at 01 July 2022	**0**	**50,749**	**43**	**65,603**	**0**	**116,395**
Elimination as a result of disposal/liquidation of assets	0	0	0	-1,630	0	**-1,630**
Amortisation/depreciation costs	0	3,791	4	9,330	0	**13,125**
Net FX differences	0	1,138	0	1,163	0	**2,301**
Other	0	-6	0	6	0	**0**
As at 31 March 2023	**0**	**55,672**	**47**	**74,472**	**0**	**130,191**
Carrying amount						
As at 30.06.2022	**15,458**	**103,417**	**23**	**49,371**	**888**	**169,157**
As at 31.03.2023	**15,662**	**100,706**	**19**	**47,637**	**800**	**164,824**

8. Investments in affiliated entities

In the reviewed period, the Group did not carry out any investments in its affiliated entities.

9. Goodwill

	Period ended 31.03.2023 PLN'000	Period ended on 30.06.2022 PLN'000
Cost		
As at the beginning of financial year	50,845	47,842
Goodwill from business combination		
FX differences	2,396	3,003
end of the period:	53,241	50,845

Accumulated impairment charges		
As at the beginning of financial year	0	0
end of the period:	0	0
Carrying amount		
Opening balance	**50,845**	**47,842**
Closing balance	**53,241**	**50,845**

The goodwill was generated as a result of the acquisition on 30 October 2007 of 100% shares in AT Computers Holding a.s. with its registered office in Ostrava, Czech Republic which holds 100 % shares in the following entities:
AT Computers a.s. with its registered office in Žilina, Slovakia,
AT Campus s.r.o. with its registered office in Ostrava, Czech Republic,
AT Computer s.r.o. with its registered office in Ostrava, Czech Republic,
- AT Distribution s.r.o with its registered office in Ostrava, Czech Republic (former: – Comfor Stores a.s. with its registered office in Brno, Czech Republic,
and as a result or the acquisition on 30 September 2013 of 100% shares in Rekman Sp. z o.o. with its registered office in Wrocław.

10. PROVISIONS

Long-term short-term	As at 30.06.2022	Establishing	Application	Other	As at 31.03.2023
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Provision for retirement benefits	302	418	0	0	720

Short-term provisions	As at 30.06.2022	Establishing	Application	Other	As at 31.03.2023
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Provision for warranty repairs	33,555	9,191	7,598	303	35,451
Provision for receivables in factoring	3,512	830	1,543	0	2,799
Provision for employee benefits	7,723	1,588	294	23	9,040
Other provisions, of which:	1,109	3,317	1,354	31	3,103
- *audit*	194	66	260	0	0
- *other*	915	3,251	1,094	31	3,103
Total	**45,899**	**14,926**	**10,789**	**357**	**50,393**

11. HEDGE ACCOUNTING

Financial derivatives and hedges

Forward contracts are used as the derivative instruments to hedge the Group against FX risk. They are measured at fair value. Derivative instruments are disclosed as financial assets or liabilities depending on their current value.

Derivative hedging instruments are used to hedge future cash flows.

When a hedge is established, the Group formally identifies and documents the hedging relationship, the objective of risk management and the hedging strategy in accordance with the approved hedge accounting policy.

The cash flow hedge is an operation hedging the risk of volatility of cash flows relating to a hedged asset or liability, a planned probable future transaction or a probable future liability that could affect the profit and loss account.

Profit or loss resulting from changes to the fair value of the hedging instruments that do not meet the requirements of hedge accounting are recognised directly in the profit and loss of the current reporting period.

Cash flow hedges

The Group hedges FX risk related to sales indexed to EUR and USD exchange rates by using FX cash positions – trade liabilities, liabilities under bank loans, trade receivables, cash and FX forward contracts for currency sale/purchase.

The Group identifies those cash positions as cash flow hedging instruments. For the purposes of hedge accounting, only instruments concluded with external entities are designated as hedging instruments:

Hedging instruments – EUR

Instrument type	Nominal value, amount in EUR		Fair value amount in PLN		Anticipated maturity period of the hedged position	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Trade liabilities	(123,603)	(121,899)	(577,509)	(566,468)	April, May, June	April, May, June
Trade receivables	23,074	16,218	107,778	75,332	April, May	April, May
Bank loans	(16,330)	(29,675)	(76,219)	(137,721)	April, May	April, May
Cash	340	1,174	1,592	5,458	April, May	April, May
FX Forward EUR	(75,510)	(97,310)	5,203	3,519	April, May	April, May
Total cash positions:	**(192,029)**	**(231,492)**	**(539,155)**	**(619,880)**		

Hedging instruments – USD

Instrument type	Nominal value, amount in USD		Fair value, amount in PLN		Anticipated maturity period of the hedged position	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Trade liabilities	(19,748)	(12,313)	(84,776)	(51,469)	April, May	April, May
Trade receivables	1,259	3,959	5,404	16,546	April, May	April, May, June
Bank loans	(627)	(9,506)	(2,690)	(39,731)	April, May	April, May
Cash	92	62	396	259	April, May	April, May

FX Forward USD	(17,840)	(24,970)	2,946	(1,045)	April, May	April, May
Total cash positions:	**(36,864)**	**(42,768)**	**(78,720)**	**(75,440)**		

** For items other than FX Forward derivative transactions, carrying amounts were stated, as they do not differ materially from the fair values.*

An analysis of changes in fair value of hedging instruments recognised in equity is provided in the table below:

	9 months to 31.03.2023 (PLN'000)	**9 months to 31.03.2022 (PLN'000)**
Gross amount recognised in equity at the beginning of the period	(14,166)	2,230
Net amount recognised in equity at the beginning of the period	(11,474)	1,807
Effective portion of profit/(loss) on the derivative instrument in the period recognised in equity	51,269	(10,429)
Amounts derecognised from equity and recognised in the profit and loss account during the period, of which:	18,213	(10,398)
- adjustment of income from operating activities	5,875	(14,939)
- adjustment of income from financing activities	12,337	4,541
– adjustment due to hedge ineffectiveness	0	0
Gross amount recognised in equity at the end of period	18,890	2,200
Deferred income tax asset/provision	(3,589)	(418)
Net amount recognised in equity at the end of period	15,301	1,782

12. Loans and borrowings

In the period from the publication of the Annual Report (i.e. 20 September 2022) until the publication of the report for Q1 of the financial year 2022/2023, the Group Companies did not conclude any new loan agreements, apart from annexes extending the existing loan agreements for subsequent periods.

The AB Group repays its liabilities under loans and borrowings in a timely manner. In the reported period, there was no significant breach of provisions of any loan or borrowing agreement.

13. Leasing

Balance sheet	**Period ended on 31.03.2023 PLN'000**	**Period ended on 30.06.2022 PLN'000**
Assets		
Carrying amount of right-of-use assets	52,513	54,926
land (perpetual usufruct right)	5,198	5,207
buildings and structures	47,315	49,719
Liabilities and equity		
Lease liabilities	53,693	54,548
Long-term	47,393	52,503
Short-term	6,300	2,045

Profit and Loss Account	**Period ended on**	**Period ended on**

	31.03.2023	31.03.2022
Depreciation cost of right-of-use assets	4,788	2,775
land (perpetual usufruct right)	58	57
buildings and structures	4,730	2,718
Cost of interest on lease liabilities	814	231
FX gains and losses on liability measurement	2,362	-55
Other comprehensive income	-60	-5
Increases in right-of-use assets	113	2,285
Total cash outflow from leases	1,740	2,730

14. ISSUED CAPITAL

During the period under review, there were no changes in the Company's issued capital.

15. DISPOSAL OF SUBSIDIARY ENTITIES

During the period under review, the Group did not sell any subsidiary entities.

16. TAKEOVER OF SUBSIDIARY ENTITIES

During the period under review, the Group did not take over any subsidiary entities.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the balance sheet date, the Group's off-balance sheet liabilities included bank guarantees totalling TPLN 20,702. In addition, AB S.A. and ATC Holding provided sureties for the liabilities of the subsidiary entities (the PLN equivalent of the sureties provided by AB S.A. is TPLN 583,788 and by ATC Holding of TPLN 209,211).

Details are provided in item 8 of Additional Information.

18. EVENTS AFTER THE REPORTING DATE

After the balance sheet date, there have been no material events that have not been included in the Financial Statements.

19. TRANSACTIONS WITH RELATED ENTITIES

In the period from 01 July 2022 to 31 March 2023, there were no transactions other than those concluded at arm's length.

XIV) ADDITIONAL INFORMATION

The additional Information is required to be disclosed pursuant to the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information disclosed by issuers of securities and conditions of recognition as equivalent of information required by the law of a Non-Member State.

1. ORGANISATION OF THE GROUP WITH IDENTIFICATION OF THE CONSOLIDATED ENTITIES

1.1 The entities of the Capital Group (with information on consolidation method or share valuation)

As at 31 March 2023, the Group was composed of the following entities:

Parent entity

- AB S.A. (parent entity)
- The Company's business consists in distribution of computers and electronic equipment in Poland and abroad.

Address of the registered office:	ul. Europejska 4, 55-040 Magnice;
REGON (Statistical Identification Number):	931908977
NIP (Tax Identification Number):	895-16-28-481
Registration authority:	District Court for Wrocław–Fabryczna, 6th Commercial Division of the National Court Register. The Company was entered into the Register on 23 October 2001 under the number KRS 0000053834.
Duration of the Company:	unlimited

Subsidiary entities

- Alsen Sp. z o.o. (AB S.A. owns 100% of shares) – subject to full consolidation.
  The Company is engaged in marketing and training activities and wholesale of computers and computer hardware.

- Alsen Marketing Sp. z o.o. (AB S.A. owns 100% of shares) – subject to full consolidation. The Company arranges retail sales of computers and electronic equipment, it carries out retail sales of computers and electronic equipment, it arranges a franchise network and carries out marketing operations.

- B2B IT Sp. z o.o. (AB S.A. owns 100% of shares) – subject to full consolidation. The Company is engaged in logistics.

- AT Computers Holding a.s. (AB S.A. owns 100% of shares) – subject to full consolidation.
  The Company is engaged in management of subsidiary entities.

- AT Computers a.s. (AT Computers Holding a.s. owns 100% of shares) – subject to full consolidation. The Company's business consists in distribution of computers and electronic equipment in the Czech market and abroad.

- AT Compus s.r.o. (AT Computers Holding a.s. owns 100% of shares) – subject to full consolidation. The Company is engaged in assembly of computers from ready sub-assemblies. Finished products are re-sold to distribution companies for further resale.

- Comfor Stores a.s. (AT Computers Holding a.s. owns 100% of shares) – subject to full consolidation. The Company is engaged in retail trade in computers and electronic materials.

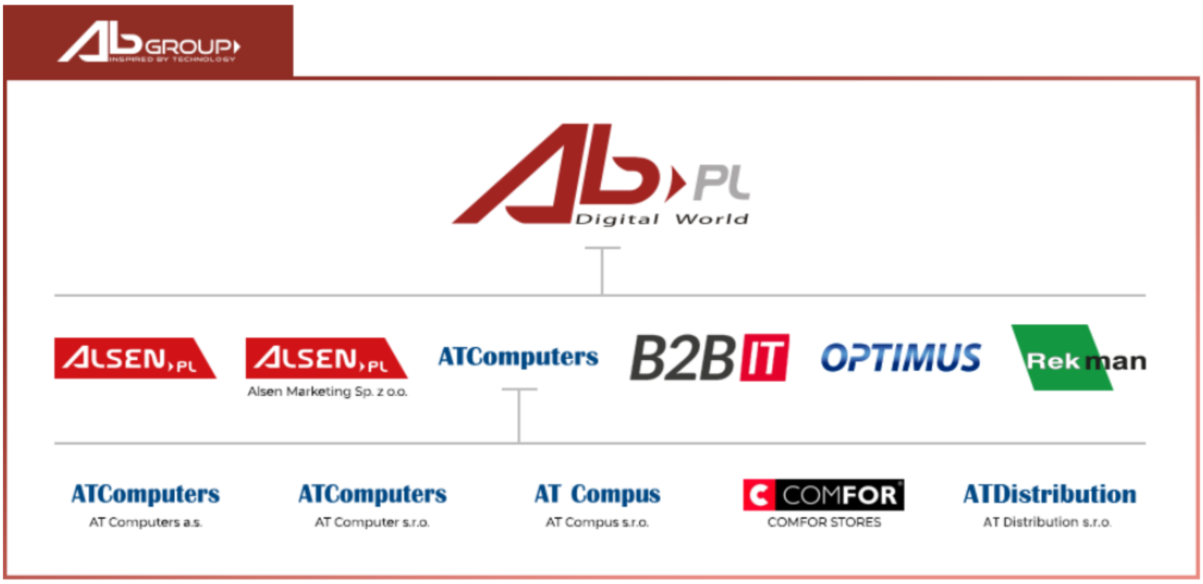
- AT Computer s.r.o. (AT Computers Holding a.s. owns 100% of shares) – subject to full consolidation. The Company's business consists in distribution of computers and electronic equipment in the Slovak market.

- AT Distribution s.r.o. (AT Computers Holding a.s. owns 100% of shares) – subject to full consolidation. The Company is engaged in retail trade in computers and electronic materials.

- Optimus Sp. z o.o. (AB S.A. owns 100% of shares) – subject to full consolidation.
  The Company is engaged in trade business.

- Rekman Sp. z o.o. (AB S.A. owns 100% of shares) – subject to full consolidation.
  The Company is engaged in wholesale of toys and board games for children.

1.2 Structure of the Capital Group



2. Effects of changes in the structure of the Group

In Q3 2022/2023 the structure of the AB Capital Group did not change.

3. Position of the Management Board on the feasibility of previously published forecasts

The Group has not published any performance forecasts for the current year.

4. SHAREHOLDERS HOLDING MINIMUM 5% OF THE OVERALL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETINGS

To the Issuer's best knowledge, the shareholding structure of the Parent Entity as at the Quarterly Report's publication date was as follows:

As at 23 May 2023	Number of shares	Shareholding structure by the number of shares	Number of votes	Shareholding structure by the number of votes
Andrzej Przybyło	1,316,200	8.13%	2,629,200	15.02%
Iwona Przybyło	1,749,052	10.80%	1,749,052	9.99%
Nationale-Nederlanden OFE	2,626,631	16.23%	2,626,631	15.01%
Allianz OFE	1,935,054	11.95%	1,935,054	11.06%
Aegon OFE	1,105,972	6.83%	1,105,972	6.32%
OFE PZU	995,549	6.15%	995,549	5.69%
PKO BP Bankowy OFE	931,014	5.75%	931,014	5.32%
Others	5,528,172	34.16%	5,528,172	31.59%
Total	**16,187,644**	**100.00%**	**17,500,644**	**100.00%**

5. ISSUER'S SHARES OR RIGHTS TO THE SHARES HELD BY PERSONS MANAGING AND SUPERVISING THE ISSUER

- **Shares held by managing and supervising persons**

The Issuer's shares or rights to the shares held by persons managing and supervising the Issuer's business as at the date when this Quarterly Report was published, i.e. 23 May 2023:

As at 23 May 2023	Number of shares	Shareholding structure by the number of shares	Number of votes	Shareholding structure by the number of votes
Management Board				
Andrzej Przybyło	1,316,200	8.13%	2,629,200	15.02%
Krzysztof Kucharski	25,000	0.15%	25,000	0.14%
Zbigniew Mądry	0	0.00%	0	0.00%
Grzegorz Ochędzan	0	0.00%	0	0.00%
Supervisory Board				
Iwona Przybyło	1,749 052	10.80%	1,749 052	9.99%
Wojciech Niesyto	0		0	
Jacek Łapiński	0		0	
Jakub Bieguński	0		0	
Jerzy Baranowski	0		0	
Marek Ćwir	0		0	

In a period between the publication of the Annual Report and the publication of the Report for Q3 of the financial year 2022/2023, there were no changes in the shareholding held by the managing or supervising persons.

6. PROCEEDINGS PENDING IN COURTS, BEFORE ARBITRATION BODIES, OR PUBLIC ADMINISTRATION BODIES

AB S.A. and also Companies of the AB Group are not subject to any major proceedings pending in courts, before a competent arbitration body, or a public administration body concerning liabilities or receivables.

7. INFORMATION ON ANY TRANSACTION(S) CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY WITH RELATED ENTITIES OTHERWISE THAN ON AN ARM'S LENGTH BASIS

In the period from 01 July 2022 to 31 March 2023 there were no transactions other than those concluded at arm's length.

8. INFORMATION ON LOAN SURETIES, BORROWINGS, OR GUARANTEES GRANTED BY THE ISSUER OR ITS SUBSIDIARY ENTITIES

As part of their operations, the Group companies issued bank guarantees in the amount of TPLN 20,702 in favour of their counterparties.

The table below presents guarantees and letters of credit in their original currency and translated into PLN.

Ordering party	Guarantee issuer	Beneficiary	Currency	Amount in currency	Amount in PLN	Validity date
AB S.A.	Santander	Intel	USD	1,000,000	4,401,800	16.01.2024
AB S.A.	Credit Agricole	Samsung Electronics POLSKA	PLN	11,000,000	11,000,000	30.09.2023
AB S.A.	Credit Agricole	State Treasury – Director of the Chamber of Fiscal Administration in Wrocław	PLN	500,000	500,000	perpetual
AT Computers, a.s.	ČSOB, a.s.	Celní úřad pro Jihočeský kraj [Customs office for the South Bohemian Region]	CZK	400,000	79,480	perpetual
AT Computers, a.s.	ČSOB, a.s.	Celní úřad pro Jihočeský kraj [Customs office for the South Bohemian Region]	CZK	100,000	19,870	perpetual
COMFOR STORES a.s.	ČSOB, a.s.	Palladium Praha s.r.o.	EUR	64,595	302,014	30.06.2023
COMFOR STORES a.s.	ČSOB, a.s.	EURO-PROPERTY Fund	EUR	24,852	116,196	30.06.2023
COMFOR STORES a.s.	ČSOB, a.s.	Atrium Flora – prodejna	EUR	15,559	72,746	31.07.2023
COMFOR STORES a.s.	ČSOB, a.s.	Deoria Estates	EUR	11,042	51,627	15.02.2024
COMFOR STORES a.s.	ČSOB, a.s.	Zásilkovna s.r.o.	CZK	90,000	17,883	10.09.2023
AT Computers, a.s.	ČSOB, a.s.	Ubiquity (Taiwan) Sales Limited	USD	440,000	1,889,096	14.06.2023
AT Computers, a.s.	ČSOB, a.s.	CONTERA Investment VIII. s.r.o., Říčany	EUR	478,000	2,234,889	04.04.2023
COMFOR STORES a.s.	ČSOB, a.s.	Atrium Flora – stánek	EUR	3,450	16,130	15.07.2023
					20,701,731	

The table below presents the nominal amounts of the sureties granted in the original currencies by AB S.A. and ATC Holding to secure repayment of the loans contracted by subsidiary entities (PLN equivalent of sureties granted by AB S.A. – TPLN 583,788 and by ATC Holding of TPLN 209,211)

Subsidiary company that received a guarantee	Beneficiary	Currency	Amount in currency	Validity date
AT Computers a.s.	Apple*	USD	120,000,000	perpetual
AT Computers a.s.	Intel	USD	3,000,000	perpetual
Rekman Sp. z o.o.	LEGO	PLN	17,000,000	31.07.2023
Alsen marketing sp. z o.o.	Samsung	PLN	1,500,000	31.12.2027
B2B IT Sp. z o.o.	ING Bank	PLN	37,200,000	31.01.2035
AT Computers, a.s.	KB a.s.	CZK	1,050,000,000	31.12.2030
COMFOR Stores	ČSOB a.s.	CZK	2,897,008	31.12.2038

*) Guarantee to Apple in the amount of USD 120 million until 30.04.2023, then from 01.05.2023 in the amount of USD 80 million.

9. DESCRIPTION OF THE ISSUER'S MAJOR ACHIEVEMENTS AND FAILURES IN THE PERIOD COVERED BY THE REPORT, WITH THE LIST OF THE MOST SIGNIFICANT EVENTS RELATED TO THE ISSUER

Operations of the AB Group in the area of IT and Telco

The AB Group has been consolidated its leading position in IT distribution in the CEE Region. According to Context's 2022 data, the Group is ranked eighth among the largest European IT distributors. Experience resulting from the presence in the market for many years, listening to the needs of market participants, being close to partners supports tangible market effects; with the largest partner base of 16 thousand in the CEE Region we have very close access to the market.

Currently, the IT market is seeing a slowdown due to the deterioration of sentiment in the economy as a consequence of the energy crisis, high inflation and the central banks' response to these adverse developments in the form of significant interest rate increases. The market dynamics are also affected by the effect of a high base (record turnover was recorded in 2022). According to Context, in Q1 2023, the dynamics of the IT distribution market in the Region[1] were negative and, the market contracted by 2%. During this period, the Group's turnover growth was +6% y/y, indicating that AB Group is highly resilient to market turbulence.

In the long term, the IT market in Poland has the potential for long-term growth, due to the ongoing digital transformation of societies and the trend towards achieving per capita spending at the level of Western countries. Digital communication in administration, medicine and healthcare, the virtualisation of teaching or the dynamic development of additional services and solutions for consumers within e-commerce will continue to generate new demand for IT solutions from both the user and the provider of new solutions.

Among the projects that will generate further demand for IT equipment are the purchase of notebook computers for students and teachers (a government programme implemented through a public tender), a loan programme for cloud transformation, and a programme to develop high-speed internet access. In the 2023 report, announced in 2023, Poland ranked 5th in the EU in terms of the pace of digital transformation between 2017 and 2022 (increase in the DESI – Digital Economy and Society Index).

The Group's turnover for the nine months of 2022/2023 amounted to TPLN 12,130,556, an increase of 12% y/y. The Group's net result for the nine months of 2022/2023 amounted to TPLN 130,846, an increase of 8% compared with the same period of the previous year.

EBITDA in the nine-month period amounted to TPLN 240,852, 33% higher than in the same period last year.

[1] Poland, the Czech Republic, Slovakia.

Apple-branded products account for the largest share of AB Group sales. The Group is the dominant distributor of this brand in the Poland/Czech Republic/Slovakia region. The saturation of the Polish market with iphones is still much lower than in other European countries, which, combined with the strong interest in new models of the brand, presents the prospect of further growth.

The Group is successful in the Telco market, where it has many years of experience and a very wide range of products (Apple, Realme, Oppo, Motorola, Samsung, Asus, LG, Xiaomi, Huawei, Vivo, HTC). Sales are made through a number of channels: through mobile network operators, the retail and open market channel and also through Digimax's own franchise network (150 points of sale).

AB continues its training activities within its Competence Centre. In the nine-month period 2022/23, 174 events (5030 participants) and 299 Pearson Vue exams were organised. The training provided by the Centre is appreciated by participants for the breadth of the offer and the quality.

The Value Added Distribution (VAD) sales channel is being developed, with turnover growth of +16% y/y in Q3 2022/23. In the past period, the Group received awards from suppliers in the VAD channel: Hewlett Packard Enterprise Distributor of the Year 2022, Intel Corporation Award for the most successful promotion and sales of Intel vPro devices among SMB partners in Poland in 2022, Sumni Top Performing Distributor 2022.

The Group is the largest distributor of cloud services in the Region. Sales in that category have been growing very dynamically, whereas potential for subsequent years still remains high. In the nine months of the 2022/2023 financial year, the Group recorded turnover growth of +63%.

Confirmation of the results achieved in the area of distribution activities is provided by the awards and distinctions received by the Group companies. Recent awards and accolades include:
AB Distributor of the Year 2022 HP Inc., AB Distributor of the Year 2022 HP Inc. Convergence SMB, AB Distributor of the Year 2022/2023 Schneider Electric, AT Computers Best Local Distributor Honeywell Productivity Solutions and Services, AB Distributor of the Year 2022 in Poland according to Context ChannelWatch 2022, Rzeczpospolita "Lista 2000" 2nd place in the category "IT, telecommunications, new media", Top Performing Distributor 2022 Sumni, award for the most successful promotion and sales of Intel vPro® devices among SBM Partners in Poland in 2022, Samsung Electronics Distributor of the Year 2022 in the category: mobile.

The awards and ranking positions received are confirmation that AB Group is not only the largest, but also the best distributor in the Poland/Czech Republic/Slovakia region.

Operations of the AB Group in the area of distribution of AV equipment/household appliances
After a period of high growth, there is now a weakening in the dynamics of the AV equipment/household appliances distribution market in Poland, mainly due to the deterioration in consumer sentiment caused by the ongoing war, the energy crisis and high inflation, as well as a slump in demand in the housing market due to rising mortgage servicing costs. Demand in this market may also be affected by the end of the coronavirus pandemic and the partial return of employees from remote working to offices.

A key factor that will affect the dynamics of this market in the coming quarters is the announcement of a law that will enable first-time home buyers to obtain a loan at a fixed low interest rate for the first ten years.

AB Group is active in the AV equipment/household appliances market and has products from all major suppliers, including Amica, Beko, Bosch, Candy, Electrolux, LG, Philips, Samsung, Whirlpool and Zelmer. One of the key factors influencing the Group's turnover dynamics in white goods was the further expansion of the product portfolio, including through the introduction of new brands, such as the development of the cooperation with Midea, which includes the Toshiba, Midea and Comfee brands.

The Group is developing the Kakto franchise sales channel, which includes 317 outlets. Competence in managing the sales network in the franchise model, gained during many years of experience in the development of other franchise networks translates into sales results achieved by Kakto.

Operations of the AB Group in the area of distribution of toys

Rekman is a leading toy distributor in Poland that has been operating on the market for 30 years. It collaborates with several hundred trading partners, offering the broadest assortment of products from a majority of leading global and Polish manufacturers. The Company has been strengthening its position on the toys market by optimising the sales structures (developing its retail and e-commerce channels), and also through improvement of logistics.

Rekman cooperates with the largest retail networks in the toy market in Poland. The company continues to develop its own franchise network, Wyspa Szkrabów. As at the end of March 2023, Wyspa Szkrabów comprised 160 sales outlets (stores).

Impact of the ongoing war

AB Group has no operations in Russia, Belarus or Ukraine. The Group made no deliveries or sales to these countries in the past period. Factors potentially affecting the Group's operations are related to difficulties in the availability of goods, delays in deliveries as well as the dynamics of commodity prices and business costs, currency fluctuations and high financing costs.

Due to the movement of Ukrainian nationals between Poland and Ukraine, some difficulties in the labour market can be expected periodically.

Financial resource management

The IT product distribution model is based on strong involvement of the distributor that offers material values for the manufacturer. In addition to provision of access to a full spectrum of sales market channels and support for pre- and after-sales services, crediting is one of the most crucial roles of the distributor under this model. The distributor conducts sales largely on the basis of trade credits. Payment terms depend on the customer's creditworthiness, the nature of their activities, sales volumes, and other individually defined parameters. The key role of the distributor is also to maintain the broadest possible product offer.

The distributor ensures the continuity of deliveries to the retailer, as a result the end-user has guaranteed constant access to a wide range of products. This function means that the distributor must maintain a wide range of products available "on the spot" in the warehouse. Thus, by fulfilling the role in the distribution channel, the distributor maintains high levels of inventories, which are partly financed by the supplier through credit limits with different maturity dates, and, partly, by the distributor, due to a change in demand for offered products.

Under this model, working capital management is one of the key competences of a large distributor. The so-called broadline distributor maintains a positive working capital, fulfilling the credit function mentioned above and the function of supplier in the distribution channel, ensuring continued access to products; such characteristics of business combined with a huge scale of operations determine the amount of receivables, inventories, and liabilities, including interest liabilities in the Group's balance sheet. Sales growth and diversification and expansion of the product offer (new distribution agreements) define significantly the level of interest debt.

For many years AB Group has been conducting a responsible policy in the scope of the values of balance sheet items. This is particularly reflected in the capital adequacy in relation to the scale of carried operations. Consistent implementation of the policy of a responsible distributor shapes debt, liquidity, turnover ratios, as well as the ability to service debt at safe levels, which is particularly important in a changing market environment, as may be observed in times of the coronavirus.

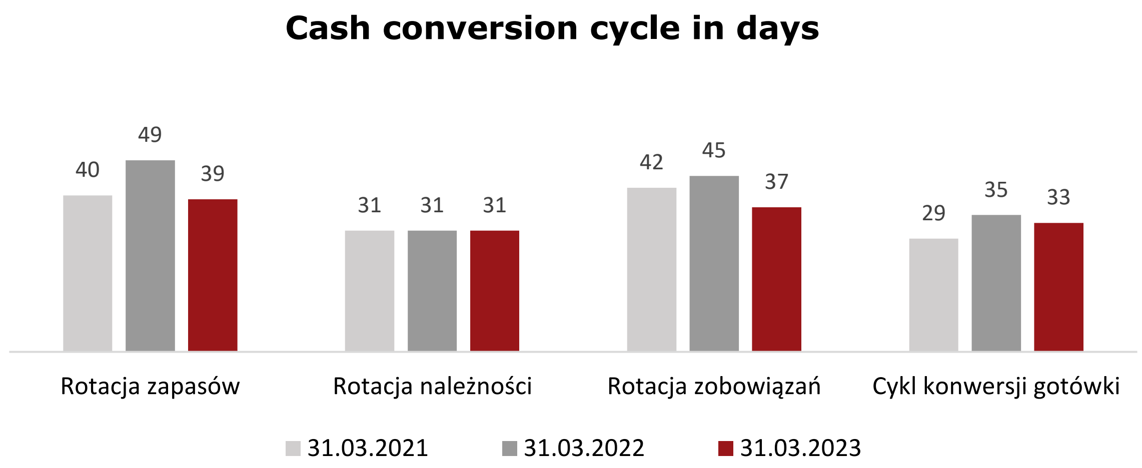
The key financial ratios illustrate the Group's very good financial health and the efficient financial management of the Group Companies.

The cash cycle turnover ratios [2] were maintained at the levels below:

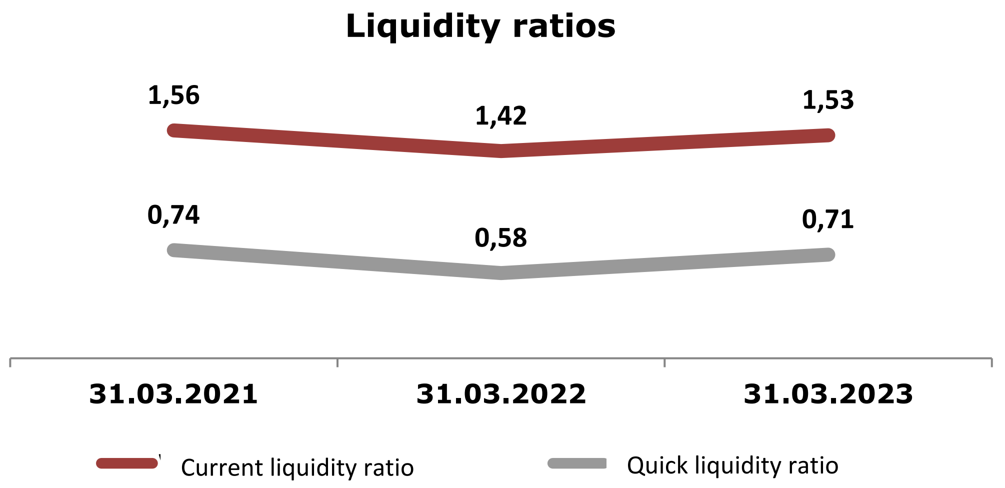
- inventory turnover ratio: 39 days
- receivables turnover ratio: 31 days
- payables ratio (including payables to customers): 37 days
- cash conversion cycle 33 days

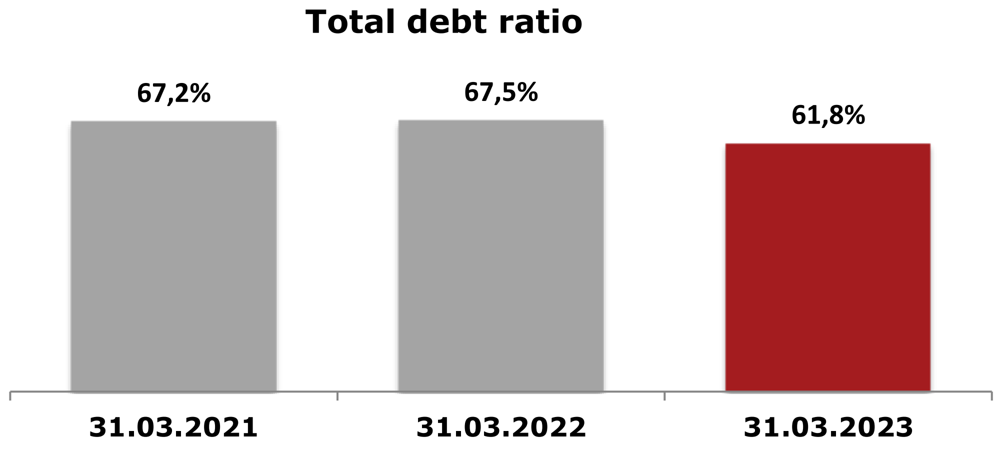
[2] The ratios are presented on an annual basis (YTD)

The decrease in the inventory turnover ratio from 49 days to 39 days is the result of a policy of lower stocking due to an improvement in the availability of goods, compared to the situation observed in previous periods.



The current liquidity ratio and quick liquidity ratio were at a safe level of 1.53 and 0.71, respectively. Compared to the previous year, they recorded higher values due to a decrease in current assets (inventories and receivables), which were funded by short-term liabilities.
The total debt ratio was 61.8 per cent, lower than in previous years due to a reduction in inventory levels made possible by improvements in the market in terms of supply chain continuity and availability of goods.





The Management Board pays special attention to FX risk hedging. The nature of its business exposes the Group to a material risk relating to currency rate fluctuations. Hedge accounting implemented by the Group virtually eliminates the FX risk. The applied hedging instruments do not generate an additional risk related to a high volatility of market conditions, such as options or option strategies.

The Group manages the credit risk in a structured and responsible manner. It applies a prudential receivables policy, verifies merchant limits granted, and insures receivables. Owing to its credit policy, the Group effectively mitigates the risk related to overdue receivables. At the same time, a conservative approach to valuation of such assets does not create the risk of incorrect classification.

On 18 February 2022, the Management Board of AB S.A. adopted the Issuer's Share Buyback Programme. This authorisation covers the fully paid bearer Shares of the Issuer, dematerialised, admitted to trading on a regulated market operated by the Warsaw Stock Exchange and marked with the ISIN code: PLAB00000019. The shares are purchased by the Issuer to have them redeemed. The maximum cash amount allocated to the Programme (to finance the acquisition of the Shares together with their acquisition costs) is PLN 16,187,644.00. The maximum number of Shares to be acquired under the Programme is 3,193,079 .
The programme will run until 20 December 2023 or until the indicated Maximum Amount is exhausted. The funds earmarked for the acquisition of Shares will come from the capital created for this purpose pursuant to Resolution No. 7/2018 of the Issuer's Annual General Meeting of 20 December 2018. The Shares will be cancelled by way of a reduction in the supplementary capital. In Q3 of the financial year 2022/23. AB S.A. repurchased 48,763 shares for TPLN 2,530. The share buyback price was in the range of PLN 49.00 to PLN 54.40.
At the end of March 2023, the total number of shares repurchased (including shares repurchased under the programme carried out in previous years) was 170,234, representing 1.05% of the share capital and 0.97% in the total number of votes at the General Meeting.

10. FACTORS THAT IN THE ISSUER'S OPINION WILL AFFECT THE RESULTS TO BE GENERATED IN THE NEXT QUARTER

EXTERNAL FACTORS

The most significant factor affecting the results is the social and macroeconomic situation in the Region and in the world, as well as sentiments in the economy and the demand for IT goods and services.

Russia's aggression against Ukraine

Russia's military aggression against Ukraine has been ongoing since February 2022. This serious political situation is already having a very negative impact on the economies of the Region and the world, including through record increases in energy commodity prices and record global inflation increases. There is a high risk of a further negative impact on the economic climate, including the IT equipment market. While we do not currently see a real impact of the war on product availability, there is a risk of reduced product availability if the war escalates into other countries' economies, such as the increase in political tension around Taiwan, where a significant proportion of key IT solutions distributed globally originate. Also, the availability of raw materials in times of armed conflict may be significantly reduced, which in turn may further increase inflation. Due to the uncertain situation, there are sharp fluctuations in currency exchange rates and share prices.

There is a risk that the ongoing invasion could also have a negative impact on existing economic activity, the propensity of consumers to purchase electronic devices and the decisions of businesses to make development investments.

AB Group has no operations in Russia, Belarus or Ukraine. Also, the Group made no deliveries or sales to these countries in the past period. War-related risks include impediments to the availability of goods, delays in deliveries and a sharp rise in commodity prices as well as in the cost of doing business, and a downturn in the economy of the Region. The Group's activities are based on the distribution of mainly IT, consumer electronics and AV equipment/household appliances products based on distribution agreements with manufacturers. On the basis of these, the sales policy pursued is fully coordinated with the actions taken by producers, including, among other things, securing a market price for the products distributed by AB Group.

Macroeconomic situation in Poland

Poland's economy is clearly slowing down. GDP growth in 2022 was +4.9%[3] (compared to growth in 2021 of +6.8). According to forecasts published by the National Bank of Poland in March 2023, GDP growth in 2023 is expected to be +0.85%[4], while in 2024 and 2025 it will be +2.10% and +3.15% respectively[5].
Dynamic price increases are expected to continue to hold back consumption. In addition, the uncertain political and economic situation related to the ongoing war is contributing to the weakening demand. The global PMI in April 2023 was 46.6 (the twelfth consecutive month remaining below the 50-point level, but gradually approaching the 50-point level, indicating an increasingly slow decline in economic activity)[6].

The unemployment rate remains low, with an unemployment rate of 5.4% in March 2023 (according to the Central Statistical Office in Poland) compared to 5.8% in 2022. Unemployment as defined by Eurostat in December 2022 was 2.9%, the second lowest level in Europe, just behind the Czech Republic (2.3%)[7].

The biggest challenge is the level of inflation, which is 14.4 per cent in Poland in 2022 and accompanied by strong fluctuations in the exchange rate of the zloty. In order to normalise inflation, the Monetary Policy Council has repeatedly raised interest rates. This, in turn, has an impact on the cost of financing companies, including AB Group. According to the March 2023 NBP forecasts, the CPI inflation rate in 2023 is expected to be 11.9%[8] and in 2024 and 2025 5.7% and 3.5% respectively[9].

The serious situation in Ukraine may also significantly affect the labour market in Poland, due to the movement of the Ukrainian population between Poland and Ukraine. The AB Group mitigates this risk by pursuing a prudent personnel management policy, manifested, among other things, in reserves of human resources capacity. Thanks to the automation of logistics processes, much of the work in the warehouse does not require physical strength and can be carried out by women.
It should be noted that the situation is changing very dynamically. At the moment, it is not possible to make a reliable forecast of all the possible consequences of this crisis.

Macroeconomic situation in the Czech Republic

Signs of cooling are evident in the Czech economy. The Czech GDP growth rate in 2022 was +2.4%. Projections published by the European Commission in May 2023 show that the projected GDP growth rate in

[3] Central Statistical Office in Poland
[4] International Monetary Fund forecasts GDP growth of +0.3% in Poland in 2023
[5] https://ksiegowosc.infor.pl/wiadomosci/5696954,inflacja-2023-marcowa-projekcja-nbp-102135-proc-inflacja-w-2024-i-2025-roku.html
[6] https://www.bankier.pl/wiadomosc/PMI-Polska-kwiecien-2023-8533332.html
[7] https://www.gov.pl/web/rodzina/bezrobocie-w-polsce-spada--podaje-eurostat
[8] An analogous forecast for Poland for 2023 was presented in April 2023 by the International Monetary Fund
[9] https://ksiegowosc.infor.pl/wiadomosci/5696954,inflacja-2023-marcowa-projekcja-nbp-102135-proc-inflacja-w-2024-i-2025-roku.html. The International Monetary Fund gave an inflation forecast for Poland in April 2023 of 6.1% and 2.5% respectively.

2023 is +0.2%[10]. A further decline in consumption is expected, driven by a reduction in household wealth, due to very high inflation, and a continued tendency to save, due to the uncertain political and economic situation[11]. GDP growth is expected to be +2.6% in 2024. In contrast, expected wage growth for 2023 is +6.7% (compared to 9.3% in 2022)[12].

The PMI in February and March 2023 was at 44.3, indicating a slight recovery, after the very low rates seen in the last quarter of 2022.[13] However, it is still at levels well below 50.

Unemployment levels in the Czech Republic remain very low for the time being (2.3% in December 2022 according to Eurostat, compared to December 2021 at 2.1%). This is consistently the lowest in the entire EU. The Czech Ministry of Finance reported in January 2023 that a mild increase in the unemployment rate in 2023 to 3.2% is possible.

As in many other EU countries, the challenge for the Czech economy is the record high level of inflation, reaching 15.1% in 2022. According to International Monetary Fund forecasts published in April 2023, CPI inflation is expected to reach 11.8% in 2023 and 5.8% and 2.0% respectively in the following years.

Macroeconomic situation in Slovakia

The Slovakia Republic's GDP growth rate was +1.7% in 2022. According to forecasts published in May 2023 by the European Commission, GDP growth is expected to be +1.7% in 2023 and +2.1% in 2024. According to Slovakia's Ministry of Finance, the country's economy will avoid entering recession in 2023 by maintaining domestic demand, using tools to combat inflation (including the introduction of a cap on energy prices) and using EU funds[14].

Slovakia's unemployment rate is gradually falling. It stood at 5.9% in December 2022 and 5.8% in February 2023 (compared to December 2021 at 6.6% and March 2022 at 6.9%)[15].

Inflation at the end of 2022 was 12.1%, while it is forecast to be 9.5% in 2023 and 4.3[16]in 2024.

Global macroeconomic situation

The global economy clearly slowed down. In 2022, global GDP growth was +3.4% (compared to +6.3% in 2021), while in 2023 and 2024, according to the International Monetary Fund's April 2023 forecasts, it will be +2.8% and +3.0% respectively.

US GDP growth in 2022 was +2.1% (compared to +5.9% in 2021), and is expected to be +1.6% and +1.1% in 2023 and 2024, respectively, according to the International Monetary Fund's April 2023 forecast. The unemployment rate was below 4% in 2022, stood at 3.5% at the end of 2022 and remained at this level in Q1 2023[17]. The challenge for the economy is the high level of inflation (8% in 2022, forecast for 2023: 4.5%).

The economy in the euro area has also clearly slowed down. In 2022, GDP growth in the euro area was +3.5% (compared to +5.4% in 2021), while according to forecasts published by the International Monetary Fund in April 2023, GDP growth in 2023 will be just +0.8% and in 2024, and the following four years, just +1.4%. Unemployment in 2022 in the European Union was 6.1% (Eurozone 6.6%[18]). In February 2023, it was 6.0% (6.6% in the euro area)[19].

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[10] The Ministry of Finance of the Czech Republic reported in January 2023 a GDP growth forecast of -0.5% in 2023: https://www.mfcr.cz/en/statistics/macroeconomic-forecast/2023/macroeconomic-forecast-january-2023-50127
[11] https://www.mfcr.cz/en/statistics/macroeconomic-forecast/2023/macroeconomic-forecast-january-2023-50127
[12]https://www.mfcr.cz/en/statistics/macroeconomic-forecast/2023/macroeconomic-forecast-january-2023-50127
[13] https://pl.investing.com/economic-calendar/czech-s-p-global-pmi-812
[14]https://www.mfsr.sk/en/finance/institute-financial-policy/policy-briefs/slovakia-will-avoid-recession-this-year-february-2023.html?forceBrowserDetector=blind
[15]https://ca.investing.com/economic-calendar/slovak-unemployment-rate
[16] International Monetary Fund forecast of April 2023
[17] https://www.statista.com/statistics/273909/seasonally-adjusted-monthly-unemployment-rate-in-the-us/
[18]https://ec.europa.eu/eurostat/documents/2995521/15893630/3-01022023-BP-EN.pdf/e907214e-5496-dfa0-cd00-2d68dbf62f2b
[19] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics

In 2022, China's GDP growth is only +3.0% y/y (compared to +8.4% in 2021). According to International Monetary Fund forecasts published in April 2023, GDP growth is expected to be +5.2 per cent in 2023 and +4.5 per cent in 2024. The Chinese economy has clearly slowed down due to the numerous lockdowns introduced earlier, as well as the negative impact of global inflation and uncertainty over the ongoing war in Ukraine.

Impact of macroeconomic factors on the IT distribution market
Russia's ongoing aggression against Ukraine is causing serious consequences in the economy, in the form of soaring commodity and fuel prices, high interest rates and potentially a downturn in the economy.

A very important factor affecting the AB Group is very high inflation, which is associated with a sharp increase in the cost of doing business, as well as high interest rates, which in turn contributes to a significant increase in the cost of financing.
The Group constantly monitors the financing structure of its operations, adapting it to the current situation and ensuring that, on the one hand, the further development of its activities is secure and, on the other hand, financing costs are kept at an optimum level.

The AB Group's business is also affected by volatility of exchange rates, among others, relating to substantial reliance of the Polish and Czech currencies on information flowing from other European and non-European capitals. The strong weakening of the zloty observed recently has to do with the ongoing Russian invasion of Ukraine and the very high level of inflation.
The volatility of exchange rates affects the AB Group's business in terms of an evolution of product prices and demand for goods, too. The Group hedges FX risk related to sales indexed to EUR and USD exchange rates by using FX cash positions – trade liabilities, liabilities under bank loans, trade receivables, cash and FX forward contracts for currency sale/purchase. Due to the application of hedge accounting with respect to the FX risk, the Group shifts effective part of FX differences from a financial part of the profit and loss account to its operating part.

The following table details the aspects of the business environment, potentially having an impact on the AB Group's operations in the next reporting period:

The conjuncture and demand in the economies of the world and the Region, the further course of the ongoing war in Ukraine and its impact on the economies of the world and the Region.
Volatility of demand in the IT and white goods market, the possibility of a downturn due to the ongoing war and the resulting economic crisis.
Return of supply chain disruptions, restrictions on the availability of raw materials, materials and products. High commodity price dynamics.
Volatility on FX markets, primarily the following exchange rates: EUR/PLN and USD/PLN, as well as EUR/CZK and USD/CZK – impact on the weakening of local currencies on product prices for end customers.
Currently, very high levels of inflation, uncertainty about the dynamics of the prices of goods and services in future periods, a decline in the wealth of households and companies.
The record high level of the interest rates translating into funding costs for companies and also impacting the growth of consumer loans.
The dynamic growth and evolution of the IT hardware sector, the demand for remote workstations, the increasing digitalisation, including the digital transformation of the public sector, the development of the areas of cyber-security and data centres, 5G technology, the further development of the smart home sector and the circular economy.
Progressing market consolidation in the IT distribution market.

INTERNAL FACTORS

In addition to the factors arising from the Group's environment, also a number of internal factors will have a significant impact on the market position and the financial situation of the Group:

Further development of the product portfolio – as part of the adopted market strategy, aimed at increasing sales and improving partners' loyalty,

Continuous efforts to optimise management of inventories, working capital, and logistics, resulting in operating expense reduction in relation to income.
The position of the Group in the IT distribution market in the Region and an opportunity to use economies of scale.
Parallel development in multiple distribution channels: resellers, e-commerce, large retail networks, public administration, corporate customers, integrators, the franchise network, and export sales.
Hedge accounting applied to eliminate FX risk, and an effective hedging policy against FX risk.
Offering additional services to partners (e.g. training, certifications, outsourcing of logistic processes, sales platforms, joint marketing initiatives), which allow the Company obtaining their loyalty and generating higher margins,
Maintenance of debts ensuring, on one hand, financial safety, and providing for stable growth with a dynamically growing scale of operations on the other,
Ensuring stable funding sources over a long-term perspective,
A responsible receivables management policy, ensuring that the Group maintains a high level of liquidity and a low claims ratio.
Recruiting new counterparties (new distribution agreements) and commercial partners.
Diversification of product groups with new categories from outside the new technologies segment (such as AV equipment/household appliances, office articles and consumables).
Execution of projects aimed at integration and standardisation in the entire AB Group, while keeping an appropriate level of independence of activities on individual markets.
Wide range of delivery forms, development of dropshipping system, automation of processes in the logistics area: hybrid picking system, ultra-fast sorter, modern WMS. Implementation of solutions to optimise accounting processes in the back office area.
Close collaboration among the Group companies bringing about results in the form of a knowledge base and know-how sharing.

11. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Financial Statements were approved by the Management Board for publication on 23 May 2023.

First and last name	Position/Function	Signature
Andrzej Przybyło	PRESIDENT OF THE MANAGEMENT BOARD	
Krzysztof Kucharski	MEMBER OF THE MANAGEMENT BOARD	
Zbigniew Mądry	MEMBER OF THE MANAGEMENT BOARD	
Grzegorz Ochędzan	MEMBER OF THE MANAGEMENT BOARD	

Person who has been entrusted with maintenance of the books of account

First and last name	Position/Function	Signature
Magdalena Kosatka	CHIEF ACCOUNTANT	