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Consolidated annual financial statements of the OPONEO.PL S.A. Group as at 31 December

2019

March 31, 2020

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1. GENERAL INFORMATION

1.1. INFORMATION ABOUT THE OPONEO.PL GROUP

The parent company of the OPONEO.PL Group ("OPONEO.PL Group", "Group") is OPONEO.PL S.A. ("parent entity", "Company"). As at the date of preparation of this report, the Company's data was as follows:

Name	OPONEO.PL S.A.
Address	Bydgoszcz ul. Podleśna 17
REGON No [*National Business Registry Number*]	093149847
NIP No [*Tax Id. number*]	953-24-57-650
KRS No [*National Court Register Number*]	0000275601
Registry court	District Court in Bydgoszcz, XIII Commercial Division of the National Court Register
Duration	The duration of operations of individual entities comprising the OPONEO.PL Group is unspecified

The main scope of business of OPONEO.PL S.A. is retail sales of parts and accessories (mainly tyres) for motor vehicles. In addition to tyres, the range of products includes steel and aluminium wheels and snow chains. The OPONEO.PL Group is a pioneer in introducing on the Polish market a service combining the supply of tyres with their servicing. Currently, this service is offered at over 900 service points.

The company offers tyres for:

- passenger cars,
- light commercial vehicles,
- four-wheel drive (4x4),
- trucks,
- motorcycles,
- quads.

The offer includes more than 6,000 tyre and wheel models, belonging to the premium, medium and budget segments.

In order to provide appropriate adaptation to weather conditions, the Group offers year-round, winter and summer tyres.

The OPONEO.PL Group is the leader in online tyre sales in Poland. In addition, it carries out retail activities on 13 different European markets, i.e. in Austria, Belgium, Czech Republic, France, Spain, the Netherlands, Ireland, Germany, Slovakia, Turkey, Great Britain, Italy, and Hungary.

Composition of the Management Board and Supervisory Board of the Parent Company

The Management Board of the Parent Company, as at the date of approval the consolidated financial statements for publishing, i.e. 31 March 2020, comprised:

- Topolewski Dariusz – President of the Management Board
- Butkiewicz Michał – Board Member
- Karpusiewicz Maciej– Board Member
- Pujszo Ernest– Board Member
- Topolewski Wojciech – Board Member

There were no changes in the composition of the Parent Company's Management Board in the period from 1 January 2019 to 31 March 2020.

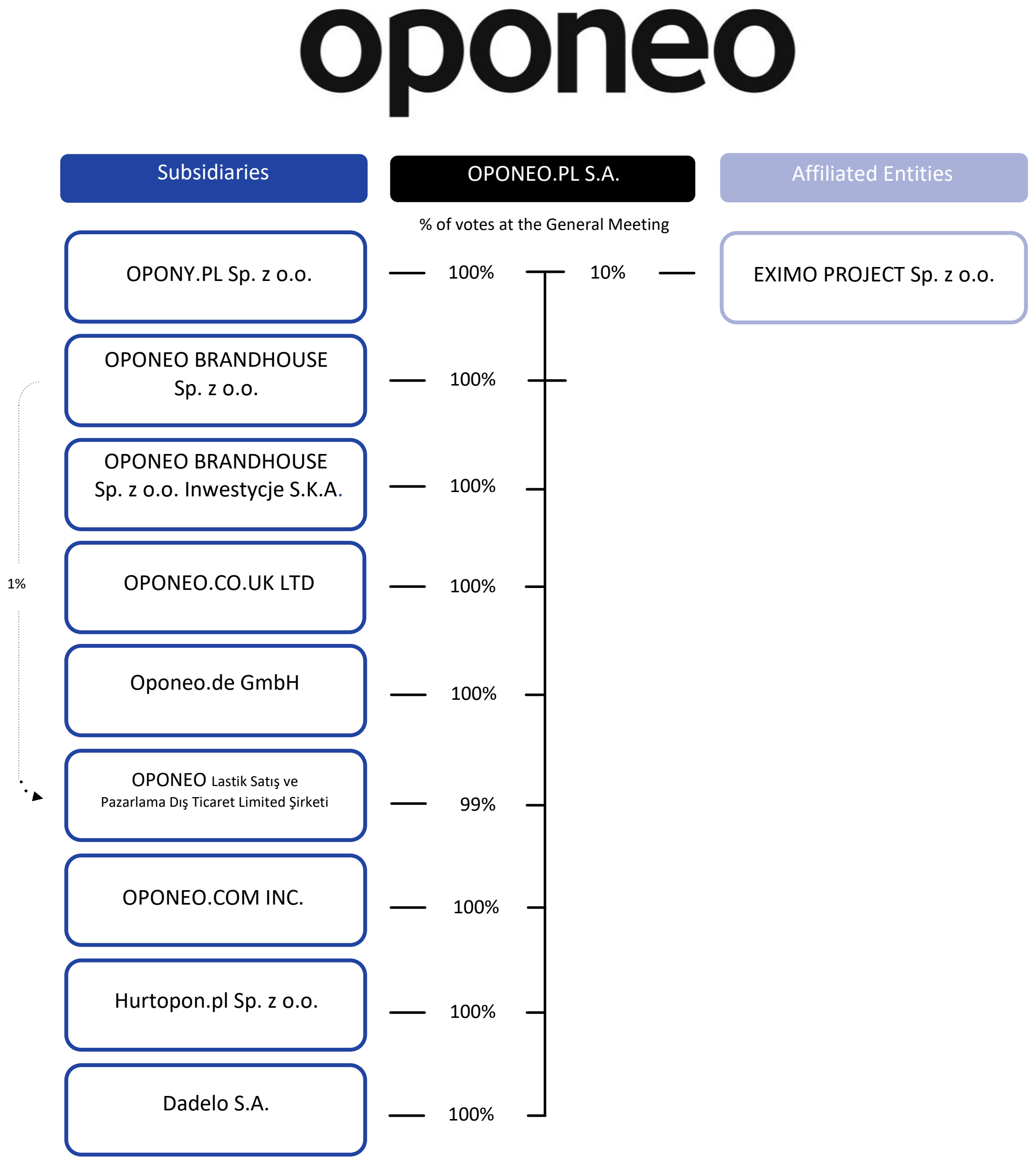
As of 31 March 2020, the Supervisory Board of the Parent Company comprised:

- Siarkowska Monika – Chairman of the Supervisory Board
- Ciaciuch Lucjan – Member of the Supervisory Board
- Michał Kobus – Member of the Supervisory Board
- Małachowski Wojciech – Member of the Supervisory Board
- Sznajder Paweł – Member of the Supervisory Board

There were no changes in the composition of the Management Board in the period from 1 January 2019 to 31 March 2020.

1.2. COMPOSITION OF THE OPONEO.PL GROUP

On 31 December 2019, the composition of the OPONEO.PL Group was as follows:



In 2019, the structure of the OPONEO.PL Group changed due to the sale of AutoCentrum.pl S.A. Detailed information on the transaction was given in the current report No 23/2019 of 20 October 2019.

2. CONSOLIDATED FINANCIAL STATEMENTS

2.1. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Sales revenue	4.1.1.	**962,058**	**842,956**
Prime costs of the sale		-775,104	-681,051
Gross profit (loss)		186,954	161,905
Selling expenses	4.1.2.	-149,164	-127,356
Administrative expenses	4.1.2.	-9,340	-7,763
Other operating revenues	4.1.2.	4,207	2,278
Other operating expenses	4.1.2.	-3,990	-4,689
Operating income (loss)		**28,667**	**24,375**
Financial revenues	4.1.3.	2,593	361
Financial costs	4.1.3.	-1,008	-725
Share in profits (losses) of entities accounted for using the equity method		0	0
Profit/loss on sale of shares of related entities		0	0
Gross profit (loss)		**30,252**	**24,011**
Income tax	4.1.4.	-10,006	-7,618
Net profit (loss), including:		**20,246**	**16,393**
attributable to shareholders of the parent entity		20,246	16,763
attributable to minority shareholders		0	-370
Other comprehensive income		**0**	**0**
Effects of the valuation of financial assets available for sale		0	0
Hedge accounting		0	0
Actuarial gains and losses		0	0
Share in other comprehensive income of entities accounted for using the equity method		0	0
Income tax on other comprehensive income		0	0
Comprehensive income in total, including:		**20,246**	**16,393**
attributable to the shareholders of the parent entity		20,246	16,393
attributable to minority shareholders		0	0

Earnings per share	in PLN '000	
	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Profit (loss) per ordinary share	1.45	1.18
Diluted profit (loss) per ordinary share	1.45	1.18
Accounting value per one share	12.47	11.70
Diluted accounting value per one share	**12.47**	**11.70**

2.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	Note	2019-12-31	2018-12-31
Fixed assets			
Tangible fixed assets	4.2.1	82,365	65,761
Intangible fixed assets	4.2.2	40,010	46,853
Long-term financial assets	4.2.4	1	1
Long-term accruals		0	0
Long-term investments		91	112
Deferred tax assets	4.2.5.	1,050	1,326
Fixed assets in total		**123,517**	**114,053**
Current assets			
Inventories	4.2.6	99,779	75,590
Trade receivables and other receivables	4.2.8.	43,920	39,323
Income tax receivables	4.2.8.	0	5
Short-term prepaid expenses	4.2.10	405	351
Short-term financial assets		0	0
Cash and cash equivalents	4.2.11	79,329	71,147
Current assets in total		**223,433**	**186,416**
Assets in total		**346,950**	**300,469**

Liabilities

	Note	2019-12-31	2018-12-31
Equity			
Share capital	4.2.12	13,936	13,936
Supplementary capital	4.2.13	133,215	122,616
Reserve capital		0	0
Exchange differences arising on conversion		64	-107
Treasury shares		0	0
Profit (loss) from previous years		4,718	4,674
Net profit (loss)		20,246	16,763
Equity attributable to equity holders of the parent entity		172,179	157,882
Equity attributable to minority shareholders		0	5,192
Equity in total		**172,179**	**163,074**
Long-term liabilities			
Long-term financial liabilities	4.2.16	9,033	0
Deferred tax liabilities	4.2.5	3,124	3,171
Long-term accruals	4.2.10	2,379	4,072
Long-term liabilities in total		**14,536**	**7,243**
Short-term liabilities			
Trade liabilities and other payables	4.2.15	149,204	126,503
Short-term financial liabilities	4.2.16	6,971	394
Income tax liabilities	4.2.15	1,839	1,013
Short-term provisions	4.2.17	528	508
Short-term prepaid expenses	4.2.10	1,693	1,734
Short-term liabilities in total		**160,235**	**130,152**
Equity and liabilities in total		**346,950**	**300,469**

2.3. CONSOLIDATED CASH FLOW STATEMENT

	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Cash flows from operating activities		
Net profit (loss)	**20,246**	**16,393**
Adjustments in total	**2,333**	**-5,632**
Amortisation and/or depreciation	12,752	5,333
Share in units accounted for using the equity method	0	0
Profits (losses) attributable to minority interest	0	0
Profits (losses) due to foreign exchange differences	0	0
Interest and share in profits (dividends)	-1	0
Profit (loss) on investing activities	-2,440	237
Change in provisions	249	1,549
Change in inventories	-24,169	-15,596
Change in receivables	-7,458	-12,007
Change in trade payables and other liabilities	25,175	16,629
Change in accruals	-1,789	-1,247
Change in income tax status	887	494
Other adjustments	-873	-1,024
Net cash flows from operating activities in total	**22,579**	**10,761**
Cash flows from investing activities		
Disposal of intangible and tangible fixed assets	21	928
Disposal of investments in real property and intangible assets	0	0
Disposal of financial assets	9,350	0
Payments from dividends and profit sharing	10	0
Repayment of long-term loans	2	2
Repayment of interest relating to investment activities	0	0
Other investment inflows	0	0
Acquisition of intangible and tangible fixed assets	-7,957	-7,676
Investments in real estate and other intangible fixed assets		-9,789
Acquisition of financial assets	-4,377	0
Long-term loans	0	0
Other investment expenditures	0	0
Net cash flows from investing activities in total	**-2,951**	**-16,535**

Cash flows from financial activities		
Net incomes from issue of shares and other equity instruments and capital contributions	0	0
Deposits and loans received	49,341	29,467
Proceeds from issue of debt securities		0
Other financial incomes		0
Acquisition of own shares		0
Paid dividends and other payments to owners	-5,575	-4,878
Profit distribution liabilities other than profit distribution payments to owners		0
Repayment of deposits and loans	-48,378	-29,535
Redemption of debt securities	0	0
Expenses on other financial liabilities	0	0
Payments under financial lease agreements	-5,637	-226
Interest rates paid	-9	0
Other financial expenses	-1,188	0
Net cash flows from financial activities in total	**-11,446**	**-5,172**
Net cash flows in total	**8,182**	**-10,946**
Change in cash due to foreign exchange differences	0	0
Cash opening balance	71,147	82,093
Cash at the end of the period	**79,329**	**71,147**

2.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period 01.01.2019-31.12.2019

Statements of changes in equity for the period 01.01.2019-31.12.2019	As at 01.01.2019	Equity infusions	Share issue	Treasury shares repurchase	Dividend	Result for the period	As at 31.12.2019
Share capital	**13,936**	**0**	**0**	**0**	**0**	**0**	**13,936**
Supplementary capital	**122,616**	10,766	0	0	0	-167	**133,215**
Reserve capital	**0**	0	0	0	0	0	**0**
Treasury shares	**0**	0	0	0	0	0	**0**
Exchange differences on conversion of foreign entities	**-107**	0	0	0	0	171	**64**
Retained earnings	**21,437**	-10,766	0	0	-5,575	-378	**4,718**
Net profit (loss) for the period	**0**	0	0	0	0	20,246	**20,246**
Equity attributable to shareholders of the parent entity	**157,882**	**0**	**0**	**0**	**-5,575**	**19,872**	**172,179**
Equity attributable to minority shareholders	**5,192**	**0**	**0**	**0**	**0**	**-5,192**	**0**
Equity in total	**163,074**	**0**	**0**	**0**	**-5,575**	**14,680**	**172,179**

Period 01.01.2018-31.12.2018

Statements of changes in equity for the period 01.01.2018-31.12.2018	As at 01.01.2018	Equity infusions	Share issue	Treasury shares repurchase	Dividend	Result for the period	As at 31.12.2018
Share capital	**13,936**	**0**	**0**	**0**	**0**	**0**	**13,936**
Supplementary capital	**111,964**	10,652	0	0	0	0	**122,616**
Reserve capital	**0**	0	0	0	0	0	**0**
Treasury shares	**0**	0	0	0	0	0	**0**
Currency translation profit/loss of subsidiaries	**-422**	0	0	0	0	315	**-107**
Retained earnings	**20,564**	-10,652	0	0	-4,876	-362	**4,674**
Net profit (loss) for the period	**0**	0	0	0	0	16,763	**16,763**
Equity attributable to shareholders of the parent entity	**146,042**	0	0	0	-4,876	16,716	**157,882**
Equity attributable to minority shareholders	**5,562**	0	0	0	0	-370	**5,192**
Equity in total	**151,604**	**0**	**0**	**0**	**-4,876**	**16,346**	**163,074**

3. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS

3.1. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS

3.1.1. Statement of compliance with IFRS

These financial statements have been prepared on the basis of International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission.

The OPONEO.PL Group prepared these consolidated financial statements, as at 31 December 2019, and for the period from 1 January to 31 December 2019, in accordance with International Financial Reporting Standards (IFRS)approved by the European Union and effective for annual periods beginning on 1 January 2019.

The consolidated financial statements of the OPONEO.PL Group were prepared on the basis of the best knowledge of the Management Board in the scope of IFRS rules and in accordance with its interpretations, which were adopted and published to the period during which the statements were prepared.

3.2. DETAILED ACCOUNTING POLICY RULES

3.2.1. Business continuity

The consolidated financial statements of the OPONEO.PL Group were prepared on the assumption of continuing its business activity in the foreseeable future, i.e. for a period of at least one year from the balance sheet date. As of the date of approval of this report by the Management Board of OPONEO.PL S.A., there are no reported circumstances indicating any risk to the continuation of OPONEO.PL. Group's activity.

3.2.2. Operating segments

The OPONEO.PL Group does not unbundle operating segments due to the fact that the Company's main product is the sale of tyres. Other products do not exceed the 10% threshold in total sales and do not meet the remaining quantitative thresholds specified in paragraph 13 of IFRS 8. The sales structure of products is presented in note 4.1.1.

3.2.3. Borrowing costs

Borrowing costs include: interest (including discount), financing costs under finance lease agreements, foreign exchange losses, commissions, fees and other costs incurred in connection with borrowings, loans and other commitments that finance the acquisition of fixed assets.
The Group activates borrowing costs from the moment the entity simultaneously meets the following conditions:
- a commitment was made to acquire a fixed asset,
- borrowing costs for this commitment were incurred,
- the necessary activities related to the acquisition of the fixed asset have been initiated.

Activation of borrowing costs is suspended if the investment activity has been discontinued for a longer period. The OPONEO.PL Group ceases to activate borrowing costs if the actions necessary for preparation of the qualifying asset item for use are completed or its construction is abandoned.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset.

3.2.4. Consolidation and business combinations

The consolidated financial statements include the financial statements of the Company and its entities (including structured entities) controlled by the Company and its subsidiaries.

The Group is in control if:

- it has power over a given entity,
- it is exposed to variable returns or has rights to variable returns due to its commitment in a given entity,
- it has the possibility to use the power to shape the level of the generated returns.

The Group verifies the fact of having control over other entities if the situation, which indicates a change of one or more of the aforementioned control conditions, occurred. If the Company holds less than the majority of voting rights in a given entity, but the voting rights are sufficient to enable it to unilaterally direct its material activities, it means that it exercises control over it. When assessing whether the voting rights in a given entity are sufficient to ensure authority, the Company analyses all relevant circumstances, including:

- the size of the held voting rights block in comparison to the scale of shares and the degree of dispersion of the voting rights held by other shareholders;
- potential voting rights held by the Company, other shareholders or other parties;
- rights under other contractual arrangements; and
- additional circumstances that may demonstrate that the Company has or does not have a power to direct the relevant actions in moments of decision-making, including voting patterns observed during the previous meetings of shareholders.

The consolidation of a subsidiary begins at the time the Company gains the control over it and ends when the control is lost. Income and expenses of a subsidiary acquired or disposed of during the year are recognised in the consolidated statements of income and other comprehensive income for the period from the date of the Company's acquisition of control to the date of the loss of control over that subsidiary. The financial result and all components of other comprehensive income are attributed to the Company's owners and non-controlling interests. The total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests, even if this results in deficit on the side of the non-controlling interests.

If necessary, the financial statements of the subsidiaries are adjusted in such a way as to match the accounting rules applied by them to the Group's accounting policy.

During full consolidation all intra-group assets, liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are fully eliminated.

In the case of mergers/acquisitions, the Group applies the principles of IFRS 3 "Business Combinations" to settle transactions. An acquisition method is used to settle a business combination/acquisition.

Applying the acquisition method requires:

- to identify the acquirer,

- to determine the date of acquisition,
- to recognise and measure the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquiree,
- to recognise and measure goodwill or a gain from a bargain purchase.

IFRS 3 excludes business combinations that are subject to joint control, both before and after the transaction. A business combination involving entities that are subject to joint control is a business combination in which all merging entities or business entities are ultimately controlled by the same entity or entities, both before and after the merger, and such control is not temporary. In this case, the entity should apply IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", paragraphs 10 - 12, and appropriately select accounting policy by referring to, among others, the standards issued by other regulators which use, during the standard setting process, the IASB conceptual frames.

3.2.5. Changes in Group's interests in subsidiaries

Changes in the Group's interests in subsidiaries that do not result in a loss of control, are accounted for as equity transactions. Upon the Group's loss of control over a subsidiary, the profit or loss is calculated as the difference between the sum of the consideration received and the value of the retained interests, as well as the carrying amount of the subsidiary's assets and liabilities, and it is recognised in profit or loss.

3.2.6. Tangible fixed assets

Tangible fixed assets are recognised in the books at acquisition cost or production cost, and reduced by depreciation and impairment losses. The purchase price includes the purchase price, the costs directly related to the purchase and adjustment of the asset to the condition of use, including transportation costs. Rebates, discounts etc. decrease the purchase price. The costs of manufacture of an asset under construction, comprises all costs incurred up to the date of its adoption.

Depreciation is recognized as deduction for cost or valuation of an asset item (excluding land and property under construction) to the residual value using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period.

Fixed assets under construction arising for production or administrative purposes are specified in the statements of financial position at construction cost reduced by any recognised impairment losses. The construction cost includes fees and, for the relevant assets, borrowing costs capitalized in accordance with the Company's accounting rules. Depreciation concerning these fixed assets begins at the moment of their entry into service, in accordance with the Company's rules on other fixed assets.

An item of tangible fixed assets is derecognised at the moment of disposal or when no economic benefits are expected from the use of the asset item. Any gains or losses arising from the disposal or retirement of tangible fixed asset items are recognized as a result of the period in which the particular asset items are derecognised.

Depreciation rates have been used to determine, the economic useful lives of fixed assets:

- machinery and equipment from 3 to 10 years,
- means of transport from 5 to 10 years,

- other tangible assets from 5 to 12 years.

3.2.7. Goodwill

The goodwill is initially recognized under IFRS 3 and is not a subject to depreciation. An impairment test is carried out annually, in accordance with IAS 36.

Costs incurred due to development works in progress, which are carried out by the entity for own needs, are classified as intangible assets if:

- the product or production technology is strictly defined, and the related research and development expense are reliably estimated;
- the product or technology has been found and documented to be technically useful, based on which the entity made a decision to produce the product or use the technology;
- according to predictions, development work costs will be covered by revenues from the sale of these products or revenues generated from use of the technology.

Capitalisation of development work costs through classification as intangible assets occurs if the works are successful and capital return is highly probable.

3.2.8. Intangible assets

The acquired intangible assets with a defined economic useful life are recognized in the books at acquisition cost reduced by accumulated amortization. Depreciation is recognized linearly in the estimated period of economic utility. The goodwill is not amortized. An entity evaluates the useful life of an intangible asset taking into account i.e. the life cycle of the component on the basis of comparisons with other similar assets (similarly used), loss of suitability for technological reasons and the amount of future outlays required to maintain the component.

Impairment of intangible assets

The annual impairment test covers the following asset items:

- intangible assets with indefinite useful lives,
- intangible assets that are not yet in use.

For other intangible and tangible fixed assets, there are conducted the annual assessments, as to whether there are any indicators of impairment. If any event or circumstance may indicate that it is difficult to recover the carrying amount of an asset item, an impairment test is performed.

For the purpose of impairment testing, assets are grouped at the lowest level in which they generate cash flows independently of other assets or groups of assets (so-called cash-generating units). Asset items that self-generate the cash flows are tested individually.

If the carrying amount exceeds the estimated recoverable amount of the assets to which these assets belong, then the carrying amount is reduced to the recoverable amount. The recoverable amount corresponds to the higher of the following two values: fair value less selling expenses or value in use. While determining the value in use, estimated future cash flows are discounted to the present value using a discount rate reflecting the current market value of money over time and the risk associated with the particular assets item.

The impairment losses are recognised in other operating expenses in the statements of comprehensive income.

On subsequent days of the balance sheet, the conditions indicating an opportunity for reversing impairment allowances are assessed. A reversal of an impairment loss is recognised in the statement of comprehensive income, under other operating income.

Self-produced intangible assets - development costs are recognised in the statement of financial position if the following conditions are met:

- from a technical point of view, it is possible to complete an intangible asset item so that it is fit for use or sale,
- it is possible to prove the intention to complete the item and its use or sale,
- the item will be suitable for the usage or sell,
- it is known how the component will bring economic benefits in the future,
- the technical and financial means, required to complete the development work and its use or sale, will be provided,
- it is possible to reliably determine the expenditure incurred during the development work.

For the purpose of calculating amortisation, the following periods of economic use of intangible assets were applied:

- completed development work - 5 years,
- patents - from 10 to 20 years,
- trademarks - from 7 to 15 years,
- licenses - from 5 to 20 years.

3.2.9. Leasing

The qualification of fixed assets used under lease contracts concerning fixed assets specified in the financial statement depends on the fulfilment of the requirements resulting from IAS 16. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incident to ownership.

On the commencement date of a finance lease the asset item and liability for future lease payments are recognised in the balance sheet at amounts equal to the fair value of the leased property, determined at the inception of the lease or at amounts equal to the present value of the minimum lease payments, established at the lease commencement date, provided that it is lower than fair value.

The amortisation rules for assets subject to a finance lease agreement are consistent with those applied for depreciation of own assets.

3.2.10. Financial instruments

Financial assets

As at the acquisition date, financial assets are measured at fair value, i.e. most frequently as fair value of a consideration. Transaction costs are included by the Group in the initial value of the measurement of all financial assets, beyond the category of assets measured at fair value through profit or loss.

For the purposes of measurement upon initial recognition, financial assets other than derivative hedges are classified by the Group as follows:

- financial assets valued at amortised cost,

- financial assets measured at fair value through other comprehensive income,
- financial assets at fair value through profit or loss and
- equity instruments measured at fair value through other comprehensive income.

These categories are established by measurement principles as at the balance sheet date and recognition of profits or losses from measurement in the profit or loss or other comprehensive income. The Group classifies financial assets into the category on the basis of the business model for managing financial assets, implemented in the Group, and on the basis of contractual cash flows which characterise a financial asset.

A financial asset is measured at amortised cost if both of the following two conditions are met (and they were not designated as at fair value through profit or loss upon initial recognition):

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, gains and losses from impairment and exchange differences related to these assets are calculated and recognised in profit or loss in the same way as in the case of financial assets measured at amortised cost. Other changes in the fair value are recognised through other comprehensive income. When an item of financial assets measured at fair value is no longer recognised through the other comprehensive income, cumulative gain or loss recognised earlier in the other comprehensive income are subject to reclassification from equity into loss or profit.

In the reporting period, the Group has no financial assets which qualify into this measurement category.

A financial asset item is measured at fair value through profit and loss if it does not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income, and if it is not an equity instrument as at fair value through other comprehensive income upon initial recognition. Moreover, the category includes financial assets measured, at the initial recognition, at fair value through profit or loss due to the satisfaction of criteria specified in IFRS 9.

Financial assets recognised under the categories measured at amortised cost and measured at fair value through other comprehensive income due to a business model and character of financial flows involved are subject to revaluation for every balance sheet date to recognise the expected loan loss, regardless of whether there is any evidence of impairment.

Financial liabilities

Financial liabilities other than derivative hedges are presented under the following financial statements items:

- credits, loans other debt instruments,

- financial leasing,
- trade liabilities and other payables and
- financial derivatives.

As at the acquisition date, financial liabilities are measured at fair value, i.e. most frequently as fair value of the amount received. Transaction costs are included by the Group in the initial value of the measurement of all financial liabilities, beyond the category of liabilities measured at fair value through profit or loss.

Upon initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for marketable financial liabilities or financial liabilities measured at fair value through profit and loss. As regards to the category of financial liabilities measured at fair value through profit or loss, the Group classifies derivative instruments other than hedging instruments. Short-term trade liabilities are measured at the amount due to insignificant discount effects.

Profits and losses from financial liabilities measurement are recognised in profit or loss on financing activities.

Hedge accounting

All hedging derivatives are measured at fair value. In the portion of the hedging instrument which is determined to be an effective hedge, change of the instrument's fair value is recognised in other comprehensive income and accumulated in equity from measurement of cash-flow hedges. The ineffective portion shall be immediately recognised in profit or loss.

At the moment when the hedged item affects profit or loss, the accumulated gains and losses from measurement of hedging derivatives, previously recognised in other comprehensive income, are reclassified from equity to profit or loss. The reclassification is presented in the consolidated statements from profit or loss and other comprehensive income.

3.2.11. Inventories

Inventories (goods) are shown on the balance sheet at net value, i.e. less discounts received and impairment losses.

The goods are measured at purchase prices not higher than net sales prices.

The Company has adopted the principle of determining the value of stock removal, using the FI-FO method. If the cost of purchase of an inventory item is higher than its net realisable value, a write-down in the amount of the difference between the cost of processing or purchase of the item and its realisable net value is applied.

Inventory write-downs are also made in the case of loss of value due to their damage and the inability to restore their usefulness. In such situation, these stocks are disposed of.

Write-downs of tangible current asset items related to their impairment or valuation as at the balance date are charged to other operating expenses. If the reason for recognising a write-down on tangible current assets ceases to exist, the value is recognised as other operating income.

3.2.12. Subsidies

Subsidies are not recognised until there is a reasonable assurance that the Entity will meet the necessary conditions and receive such subsidies. Subsidies, the principal condition of which is the acquisition or production by the Entity of fixed assets or intangible fixed assets, are recognised in the statement of financial position as accruals and are recognised in the income statement on a systematic basis over the expected useful lives of those assets. Other subsidies are recognised on a systematic basis in revenues in the period necessary to offset the costs that were intended to be reimbursed.

3.2.13. Cash and cash equivalents

Cash and cash equivalents include: cash in hand, bank accounts and short-term liquidity investments (up to 3 months), easily convertible into cash, with insignificant risk of change in value, and also cash in transit (cash deposit takings from retail outlets to the bank account).

3.2.14. Equity

The equity includes:

- share capital,
- supplementary capital from the sale of shares above their value,
- the remaining supplementary capital - which is created in accordance with the Commercial Company Code and the Company's statute,
- revaluation capital - created in accordance with IFRS,
- reserve capital - which is created in accordance with the Commercial Companies Code and Company's statute,
- net profit (loss)
- profit (loss) from previous years - capital is affected by the effects of fundamental errors and financial effects of changes in accounting policy are recognised.

The nominal value of the Company's equity (excluding revaluation capital) results from contracts, statutes, and profits left in the entity or uncovered losses.

3.2.15. Provisions for employee benefits

The liabilities and provisions for employee benefits disclosed in the balance sheet, include the following headings:

- provisions for untaken leave,
- other long-term employee benefits, to which the Group qualifies also retirement benefits.

The value of liabilities under short-term employee benefits is determined without discount and is presented in the balance sheet at the amount of the required payment.

The Group creates a provision for the costs of accumulating paid absences, which it will have to incur as a result of unused employee entitlements, and which entitlement accrues at the balance sheet date. The provision for untaken leave is a short-term provision and is not discounted.

3.2.16. Other provisions

A provision is recognised, when the Group has an obligation under past events, and it is probable that the fulfilment of this obligation will be linked with the outflow of economic benefits. In the case where the effect of time value of money is significant, provisions are estimated by discounting the expected future cash flows based on the pre-tax rate that reflects current market estimates of changes of time value of money and the risk associated with a given liability component.

3.2.17. Contingent liabilities

Contingent liability is a possible obligation that arises as a result of past events, whose existence will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the entity or derive from a present obligation arising from past events, but it is not recognised in the financial statements because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- the amount of the obligation (liability) cannot be measured with sufficient reliability.

The contingent liabilities acquired through a business combination are recognised in the balance sheet as provisions for liabilities.

The possible inflows of economic benefits for the Group, which do not yet qualify for recognition as assets, are contingent assets, which are not recognised in the balance sheet. Information on liabilities and contingent assets is disclosed in the additional explanatory notes.

3.2.18. Interest bearing loans and borrowings

The loans and interest-bearing loans are classified by the Group as financial liabilities.

At initial recognition, interest-bearing loans and borrowings are measured at purchase price, i.e. the fair value of cash received, less the costs of obtaining a loan or borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method, including impairment. Interest income is recognised using the effective interest rate, except for short-term receivables when the discounting effect is immaterial. If the valuation of loans and borrowings at an adjusted purchase price does not materially differ from the valuation at the amount payable, the liabilities are measured at the balance sheet date at the amount payable.

3.2.19. Trade liabilities and other payables

Short-term liabilities include all liabilities from supplies and services, regardless of the contractual term of their payment obligations and the part of liabilities under other titles that is due within 12 months from the balance sheet date.

On initial recognition, liabilities are measured at the price of purchase, i.e. at the fair value of the consideration received. This value is based on the transaction price or (if that price cannot be determined) the discounted amount of all future payments made.

After initial recognition, all liabilities, except for held-for-trading liabilities, and derivative liabilities, are generally measured at amortised cost using the effective interest method. If the valuation at the adjusted purchase price does not materially differ from the valuation at the amount payable, the liability is measured at the balance sheet date at the amount payable.

For liabilities with a maturity of no more than 12 months starting from the balance sheet date, factors affecting the valuation of such liabilities at amortised cost (interest rate changes, possible additional cash flows and others) are analysed. On the basis of the results of the performed analysis, the liability is measured at the amount payable in the case where the difference between the value at amortised cost and the amount payable does not have a material effect on the qualitative nature of the financial statements.

Liabilities held for trading and derivative liabilities are measured after initial recognition at fair value.

3.2.20. Accruals

The Company discloses its prepaid expenses for future reporting periods in the assets of the balance sheet under "Short-term accruals".

On the liability side of the statement of financial position, under the item "Long-term accruals" and "Short-term accruals", the Company shows in particular:

- the equivalent of the funds received or due from counterparties for benefits that will be delivered in subsequent reporting periods,
- cash received for the funding of the acquisition or construction of fixed assets from the National Disabled Persons' Rehabilitation Fund, including fixed assets under construction and development works if, pursuant to other laws, they do not increase equity.

The amounts included in deferred revenue gradually increase other operating income, in parallel with depreciation or amortisation from fixed assets financed from these sources.

The accrued liabilities are recognised under “Trade liabilities and other payables”.

3.2.21. Conversion rates

As at the balance sheet date, monetary items of assets and liabilities of the Entity in foreign currency (cash, receivables and liabilities), are measured at the exchange rate applicable on that day, i.e. at the average NBP [*National Bank of Poland*] exchange rate for a given currency. Other items of the statements of financial position are presented in the value resulting from the initial recognition in the books.

3.2.22. Revenue recognition

Sales revenues are recognised at the fair value of payments received or due, and they represent amounts receivable for goods and products delivered under normal business activities after deduction of rebates, value added tax and other taxes relating to sales (excise tax). Revenues are recognised to the extent that it is probable that the Group will obtain the economic benefits associated with the transaction, and the amount of revenues can be reliably measured. Revenues from the sale of goods are recognised at the time of delivery to the customer, and all rights to it are transferred to the recipient after the following conditions are met:

- transfer of significant risks and benefits resulting from the ownership of goods, from the Company to the buyer,
- the possibility of making a reliable valuation of the amount of revenue,
- the probability that the Company will receive economic benefits associated with the transaction,
- it is possible to reliably evaluate the costs incurred or anticipated in connection with the transaction.

The revenues from the sale of services are recognised at the time of issuing the invoice, serving as the basis for the service delivery.

The interest income is recognised on an accrual basis.

The revenues from the promotional offer resulting from the signed agreement for the lease of warehouse space are settled on the basis of SIC 15, proportionally to the duration of the lease.

3.2.23. Income tax

Current tax is a liability relating to taxable income for a given year, determined using tax rates prevailing at the balance sheet date and tax adjustments relating to previous years.

Income tax shown in the statement of comprehensive income includes the current part and the deferred part and deferred tax. Income tax is recognised in profit or loss, except for amounts related to items settled directly with equity. In such case, it is recognised in equity.

Deferred tax is calculated with the use of the balance sheet liability method, based on temporary differences between the value of assets and liabilities determined for accounting purposes and their value determined for tax purposes.

Deferred tax provision is created against all taxable positive temporary differences, whilst deferred tax asset is recognised to the level at which it is probable that future tax profits will be deductible by recognised negative temporary differences. The deferred tax assets or liabilities are not derecognised if the temporary difference arises from goodwill or from initial recognition (other than situation where a business combination is recognized) of another asset or liability in a transaction that neither affects the tax result nor the accounting result.

The deferred tax liability is recognised for temporary tax differences arising from investments in subsidiaries, associates and interests in joint ventures, unless the Company is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. The deferred tax assets due to timing differences in deductions associated with such investments and shares are recognised to the extent of probable taxable profits, which can be offset for timing differences, if it is likely that in the foreseeable future, these differences can reverse.

The carrying amount of deferred tax assets is subject to review as at the balance-sheet date, and in the case when expected future tax profits are insufficient for the recovery of an asset or its part, the value should be reduced accordingly.

Deferred tax assets and liabilities are calculated using tax rates effective from the date on which the asset is settled or the liability is chargeable, in accordance with tax regulations (rates) that are legally or actually applicable at the balance sheet date. Valuation of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the date of preparing the financial statements.

The assets and liabilities for deferred tax are compensated in the event of a right to compensation of current assets and tax liabilities, provided that the items are taxed by the same tax authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

3.2.24. Material error

An error is significant if it can individually or in total with other errors affect the economic decisions of the users of the financial statements. Errors of the previous period are errors in financial statements covering one or more previous periods.

The amount of the correction of a material error relating to past financial periods should be disclosed in the financial statements as an adjustment to the profit/loss from previous years. Comparative information should be restated unless it is impracticable to do so. The conversion of comparative information shall be understood as bringing the data from the previous year to a state comparable to that of the current year. For this purpose, the amount of the material error should be shown in the financial statement for the previous year, as follows:

- if a material error arose in the previous year - as an encumbrance of the financial result of this year,
- if a material error occurred in the years preceding the previous year - as an encumbrance of profit / loss from previous years

3.3. Changes in the accounting rules

Changes in accounting policies should be made only if there are changes in accounting standards and if the Company makes changes to ensure better presentation of the financial statements.

The adjustments resulting from the change in accounting policies, are shown as adjustments to the profit (loss) from previous year, and the financial data for the previous year is compared and presented in accordance with the rules applicable in the current year.

3.4. Functional and reporting currency

The functional currency of the statements is Polish zloty (PLN). Amounts are quoted in PLN thousands, unless otherwise indicated.

Transactions carried out in a currency other than the functional currency shall be reported at the exchange rate prevailing at the date of the transaction. As at the balance sheet date, assets and liabilities denominated in foreign currencies, are translated at the NBP [*National Bank of Poland*] exchange rate applicable on a given day. The foreign exchange differences on cash items are recognised in the result of the period in which they arise.

Individual assets and liabilities are presented at the average NBP [*National Bank of Poland*] exchange rate as at the balance sheet date.

Exchange rates	31.12.2019 Table No 251/NBP/2019	31.12.2018 Table No 251/NBP/2019
EUR	4.2585	4.3000
GBP	4.9971	4.7895
USD	3.7977	3.7597
CZK	0.1676	0.1673
HUF	0.0128	0.0134
TRY	0.6380	0.7108

As at the balance sheet date, monetary items of assets and liabilities of the Entity in foreign currency (cash, receivables and liabilities), are measured at the exchange rate applicable on that day, i.e. at the average NBP [*National Bank of Poland*] exchange rate for a given currency. Other items of the statements of financial position are presented in the value resulting from the initial recognition in the books.

3.5. Comparability of data

Since 01 January 2019, the Group has adopted a new IFRS 16 “Leases” standard to be applied to the long-term agreement for the lease of warehouse space presented as the right of use. As at the date of application of IFRS 16 for the first time, lease liabilities were measured at the present value of other fees, discounted using an annual discount rate depending on the currency, purpose of use and term of the agreements, amounting to 2.19%, which reflects the conditions under which the Group would receive long-term financing from a bank.

In accordance with the new IFRS 16 standard, the Company recognised the right of use:

Classification of assets	2019-12-31	2019-01-01
Buildings	13,278	18,590
Total right of use	**13,278**	**18,590**

The application of IFRS 16 resulted in an increase of PLN 18,950 thousand in non-current assets and short- and long-term financial liabilities due to leasing without any impact on equity.

The total depreciation cost for assets due to rights of use as a result of the application of IFRS 16 in the period from 01 January to 31 June 2019 amounted to PLN 5,311 thousand. For four quarters of 2019, the change in presentation resulting from the adoption of the new standard contributed to a decrease in the costs of services by PLN 5,176 thousand.

3.6. Presentation of financial statements

Presentation of a statement of financial position

In accordance with IAS 1 "Presentation of Financial Statements” assets and liabilities are presented in the statement of financial position as short-term and long-term.

Presentation of a statement of profit or loss and other comprehensive income

According to IAS 1 "Presentation of Financial Statements", in the consolidated statement of comprehensive income, costs are presented using the function of expense method.

Presentation of a statement of cash flows

According to IAS 1 "Presentation of Financial Statements”, a consolidated statement of cash flows is prepared using the indirect method.

Earnings per share

Earnings per share for the reporting period, are determined as the quotient of the net profit for the period attributable to shareholders and the weighted average number of shares, occurring during the reporting period.

In case of retrospective changes of accounting policies or correction of errors, the Company presents the balance, prepared additionally at the beginning of the comparative period.

3.7. Measurement principles

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment. If the Group considers evidence of impairment, the procedure shall allow to determine the amount of impairment losses on assets.

3.8. Estimates and corrections

The preparation of consolidated financial statements in accordance with IFRS/IAS requires estimates and assumptions that affect the amounts reported in the financial statements, including additional notes and explanations. Although the assumptions and estimates are based on the best knowledge of the Company's Management Board on current events and operations, actual results may differ from those anticipated.

The most common estimates include:

- depreciation rates,
- provisions,
- write-downs.

3.9. CHANGES IN THE ACCOUNTING PRINCIPLES (POLICIES)

The amendments to standards and new interpretations published by the International Accounting Standards Board and endorsed by the EU are effective for annual periods, beginning on or after 1st of January 2019;

- **IFRS 16 "Leases"** – published in January 2016 and is effective for annual periods beginning on 1 January 2019. It concerns recognition of right-of-use assets and lease liabilities. Requires leases to recognise almost all lease transactions in their balance sheet, which is supposed to reflect their right to use the assets for the given period and represent the obligation to make lease payments.
- **IFRS 9 "Financial Instruments"** - replaces IAS 39 - applicable to annual periods beginning on or after January 1, 2018. The changes to the standard relate to recognising and measuring of financial assets, and they impose on the entity an obligation to recognise the expected loss on initial recognition of a financial instrument and to more promptly present losses from the entire life cycle of a given financial instrument. According to the Company, the change of standard will not significantly affect the value of assets or the financial result.
- **Amendments to IAS 28 "Investments in Associates"** - measurement of long-term investments.
- **Annual improvements 2015-2017 cycle**
  - **Amendments to IFRS 3 "Business Combinations"** - measurement of interest in a joint operation at the moment of obtaining control.
  - **Amendments to IFRS 11 "Joint Arrangements"** - no remeasurement of joint operations at the time of taking joint control.
  - **Amendments to IAS 12 "Income taxes"** - recognition of tax consequences of dividends.
  - **Amendments to IAS 23 "Borrowing costs"** - qualification of liabilities assumed for the purpose of obtaining a qualifying asset, in a situation when the activities necessary to prepare a given asset for use or sale are completed.

Commission Regulations (EU) 2019/2075 and 2019/2104 of 29 November 2019 introduce changes effective from the financial year starting on or after 1 January 2020.

- **IAS 1 "Presentation of Financial Statements";**
- **IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";**
- **IAS 10 Events After the Reporting Period;**
- **IAS 34 "Interim Financial Reporting";**
- **IAS 37 "Provisions, Contingent Liabilities and Contingent Assets";**
- **IAS 38 "Intangible Assets";**
- **IFRS 2 "Share-based Payment";**
- **IFRS 3 "Business Combinations";**
- **IFRS 6 "Exploration for and Evaluation of Mineral Resources";**
- **IFRIC 12 "Service Concession Arrangements";**
- **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments";**
- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine";**
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration";**

- **SIC-32 “Intangible Assets — Website Costs”.**

According to estimates, said standards, interpretations and changes to the standards will not have a significant impact on the consolidated financial statements when applied by the Entity as at the balance sheet date.

Application of the standard or interpretation before its effective date.

No voluntary early application of a standard or interpretation has been applied by the Group in these financial statements.

4. EXPLANATORY NOTES TO EACH ITEM OF THE FINANCIAL STATEMENTS

4.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1.1. Sales revenues

Sales revenues	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Revenues from sales of goods	949,847	832,269
Other sales revenues	12,211	10,687
Revenues in total	**962,058**	**842,956**

Revenues from sales achieved in 2019 constitute 100% of revenues from continued operations. The core business is the online retail sales of tyres and wheels. The commercial offer of the OPONEO.PL Group includes also other car accessories. The sale of these goods is treated as a single operating segment. Apart from the sale of goods, the Company obtains revenues from the sale of services, which account for 1.3% of total sales. Therefore, the Group does not divide its activity into separate business segments.

The structure of revenues from sales of goods

Revenues from sales of goods	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Sale of passenger car tyres	858,775	749,482
Sale of wheels	38,630	32,648
Sale of motorcycle tyres	17,192	18,992
Sale of truck tyres	840	1,284
Sale of other goods	34,410	29,863
Sale of goods in total	**949,847**	**832,269**

Sales revenues - geographical breakdown

Sales revenues	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Domestic	769,727	660,351
Foreign	192,331	182,605
Sales revenues in total	**962,058**	**842,956**

In 2019, the OPONEO.PL Group continued to develop online sales in European markets. Retail sales of the Group were conducted in Poland and 13 other European countries. The sales of the Group are classified as retail sales. The sales value per one recipient has not exceeded 10% of total sales in 2019.

4.1.2. Operating income and costs

Operating costs in total	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Selling expenses	-149,164	-127,356
Administrative expenses	-9,340	-7,763
Operating costs in total	**-158,504**	**-135,119**

Structure of prime costs	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Amortisation and/or depreciation	-12,752	-5,333
Material and energy consumption	-3,410	-3,671
External services	-74,341	-64,113
Taxes and fees	-1,594	-430
Personnel costs	-27,473	-25,341
Other operating costs	-38,934	-36,231
Operating costs in total	**-158,504**	**-135,119**

As a result of the change, as of 01 January 2019, in the presentation of a long-term contract for the lease of warehouse space - in accordance with IFRS 16 "Leases" - the Group recorded an increase in depreciation by PLN 5,311 thousand. At the same time, the costs of external services related to the change in the presentation of lease decreased by PLN 5,176 thousand.

The increase in the costs of external services and other operating costs in 2019 was most significantly influenced by the increase in the scope of the Group's operations and the resulting increase in warehouse-related outsourcing services, the increase in the number of shipments performed and the increase in payment fees and commissions.

The increase in employment related to the Group's expansion and changes in salaries resulting from the situation on the labour market had an impact on the increase in employee costs borne by the Group in the period from 01 January 2019 to 31 December 2019.

Other operating revenues	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Settlement of grants received	21	16
Settlement of sales of assets	802	0
Release of receivable write-downs	127	104
Recognised claims	1,532	532
Disclosure of goods	558	614
Other	1,167	1,012
Operating revenues in total	**4,207**	**2,278**

Other operating expenses	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Write-downs of receivables	-194	-403
Cost of sales of assets	0	-138
Settlement of commercial goods	-165	-506

Claims	-2,984	-2,686
Liquidation of investment into design work	0	-141
Other	-647	-815
Other operating costs in total	**-3,990**	**-4,689**

4.1.3. Financial revenues and costs

Financial revenues	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Interest rates	165	238
Dividend	10	0
Profit from the sales of financial assets	2,418	0
Foreign exchange differences	0	0
Other	0	123
Financial revenues in total	**2,593**	**361**

Financial costs	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Interest rates	-449	-232
Foreign exchange differences	-103	-407
Write-downs	-5	0
Lease payments	-447	-55
Other	-4	-31
Financial costs in total	**-1,008**	**-725**

4.1.4. Income tax

Income tax	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Current tax	-9,778	-6,069
Deferred tax charged to profit or loss	-228	-1,549
deferred tax arising during the year	-2,747	-2,821
reversal of earlier write-downs	2,519	1,272
Income tax in total	**-10,006**	**-7,618**

Deferred tax applies to:

- discount adjustments for the fiscal year 2019, which are partially settled by the supplier in 2020, according to their date of issue or receipt.
- sales adjustments regarding fiscal year 2019, issued in 2020,
- the provision for employee benefits,
- settlement at the time of revenue from deferred payments and revenues related to the adaptation of warehouse space,
- non-amortized portions of acquired domains.

- operational lease recognised as financial lease,
- valuation of assets and liabilities as at the balance sheet date.

4.1.5. Reconciliation between accounting result and tax result

Reconciliation between accounting result and tax result	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Gross profit/loss	30,252	24,011
Non-tax-deductible expenses:	**8,666**	**3,239**
amortisation and/or depreciation	7,034	1,855
exchange differences arising on calculation	513	309
provision settlement	24	207
creation of provisions and write-downs	198	403
other KNKUP [*non-tax-deductible expenses*]	893	436
budget interests	4	29
Non-taxable income:	**-2,351**	**-35**
subsidies	-21	-16
exchange differences arising on calculation	-560	0
provision settlement	0	-19
other non-taxable income	-1,770	0
Amortisation of trademarks	0	-3,591
Adjustments received in the next period	-549	-7,479
Balance-sheet adjustments recognised in the previous period 2018.	-2,007	-1,795
Cost of balance-sheet adjustments recognised in the previous period	1,701	1,500
Balance-sheet adjustments recognised in the next period 2020	3,057	2,007
Cost of balance-sheet adjustments recognised in the next period	-2,513	-1,701
Single amortisation and/or depreciation	0	-105
Tax revenue - non-balance	23,223	16,910
Leasing instalments	-5,650	-225
Other tax/off-balance-sheet costs	0	0
Taxable Income	53,829	32,736
Other adjustments - capital gains	-2,419	0
Capital gain tax	1,284	
Tax base	51,410	32,736
Income tax	**9,778**	**6,069**

4.1.6. Current tax assets and liabilities

Current tax	2019-12-31	2018-12-31
Current income tax	-9,778	-6,069
Tax assets in total	**-9,778**	**-6,069**

Tax liabilities	2019-12-31	2018-12-31
Payable income tax	-1,839	-1,013
Income tax in total	**-1,839**	**-1,013**

4.1.7. Earnings per share

Earnings per share	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Earning for the period attributable to shareholders of the parent entity	20,246	16,763
Weighted average number of ordinary shares (in pcs)	13,936,000	13,936,000
Profit (loss) per share - from continuing operations	**1.45**	**1.20**

The profit generated by the Group in 2019 (in total) refers to the profit from continuing operations. The basic earnings per share are calculated as the quotient of the continued profit attributable to Parent Company's shareholders and the weighted average number of ordinary shares during the reporting period.

In 2019, the number of ordinary shares was unchanged throughout the period, i.e. from 1 January 2019 to 31 December 2019 there were 13,936,000 ordinary shares.

The diluted earnings per share from continuing operations is calculated as the quotient of the continuing operations profit attributable to the Parent Company's shareholders and the weighted average number of diluted shares during the accounting period. As there is no stock dilution in the Entity, the index of diluted earnings per share from continuing operations is equal to the index of basic earnings per share from continuing operations.

4.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.2.1. Tangible fixed assets

The increase in the value of fixed assets in the period from 1 January 2019 to 31 December 2019 resulted mainly from including leased warehouse space in assets, in accordance with IFRS 16 "Leases".

The Group considers whether there are any premises of impairment of the owned tangible and intangible assets on an ongoing basis. As at 31 December 2019, the Group did not find any premises indicating a need to revaluate its fixed assets. The value of tangible and intangible assets was determined as the net amount which results from the accounting record.

Ownership structure of fixed assets	2019-12-31	2018-12-31
Own	**68,429**	**64,841**
Used based on the lease contract	**13,936**	**920**
- financial lease contract - KŚT 7	**658**	**920**
- financial lease contract - KŚT 1	**13,278**	**0**
Fixed assets in total	**82,365**	**65,761**

Tangible fixed assets 01.01.2019-31.12.2019

Tangible fixed assets	Land	Buildings and facilities	Machines and equipment	Means of transport	Other	Fixed asset under construction and advances	**Total**
Gross value							
As at 01.01.2019	**5,490**	**50,312**	**6,971**	**3,244**	**16,272**	**88**	**82,377**
Increases	0	18,609	1,696	1,786	2,364	6,761	31,216
Reductions	0	0	-44		0	-3,079	-3,123
As at 31.12.2019	**5,490**	**68,921**	**8,623**	**5,030**	**18,636**	**3,770**	**110,470**
Depreciation							
As at 01.01.2019	**0**	**-3,493**	**-4,049**	**-1,533**	**-7,541**	**0**	**-16,616**
Increases	0	-6,681	-2,363	-321	-2,165	0	-11,530
Reductions	0	0	41	0	0	0	41
As at 31.12.2019	**0**	**-10,174**	**-6,371**	**-1,854**	**-9,706**	**0**	**-28,105**
Net fixed assets – As at 31.12.2019	**5,490**	**58,747**	**2,252**	**3,176**	**8,930**	**3,770**	**82,365**

Tangible fixed assets 01.01.2018-31.12.2018

Tangible fixed assets	Land	Buildings and facilities	Machines and equipment	Means of transport	Other	Fixed asset under construction and advances	Total
Gross value							
As at 01.01.2018	**5,406**	**17,274**	**6,139**	**3,255**	**10,521**	**26,692**	**69,287**
Increases	208	34,322	1,097	68	5,809	10,163	51,667
Reductions	-124	-1,284	-265	-79	-58	-36,767	-38,577
As at 31.12.2018	**5,490**	**50,312**	**6,971**	**3,244**	**16,272**	**88**	**82,377**
Depreciation							
As at 01.01.2018	**0**	**-3,268**	**-3,425**	**-1,147**	**-5,768**	**0**	**-13,608**
Increases	0	-477	-830	-465	-1,773	0	-3,545
Reductions	0	252	206	79		0	537
As at 31.12.2018	**0**	**-3,493**	**-4,049**	**-1,533**	**-7,541**	**0**	**-16,616**
Net fixed assets - as at 31.12.2018	**5,490**	**46,819**	**2,922**	**1,711**	**8,731**	**88**	**65,761**

4.2.2. Intangible assets

Intangible assets 01.01.2019-31.12.2019

Intangible assets	Goodwill	Copyright, licensing and other	Expenditures for uncompleted intangible assets	In total
Gross value				
As at 01.01.2019	**25,806**	**42,845**	**11,995**	**58,353**
Increases	0	510	1,095	1,605
Reductions	-5,856	-1,597	-510	-7,963
As at 31.12.2019	**19,950**	**41,758**	**12,580**	**74,288**
Amortisation				
As at 01.01.2019	**0**	**-33,793**	**0**	**-33,793**
Increases	0	-2,082	0	-2,082
Reductions	0	1,597	0	1,597
As at 31.12.2019	**0**	**-34,278**	**0**	**-34,278**
Net value – as at 31.12.2019	**19,950**	**7,480**	**12,580**	**40,010**

Intangible assets 01.01.2018-31.12.2018

Intangible assets	Goodwill	Copyright, licensing and other	Expenditures for uncompleted intangible assets	In total
Gross value				
As at 01.01.2018	**25,806**	**42,307**	**10,209**	**78,322**
Increases	0	680	2,266	2,946
Reductions	0	-142	-480	-622
As at 31.12.2018	**25,806**	**42,845**	**11,995**	**80,646**
Amortisation				
As at 01.01.2018	**0**	**-32,075**	**0**	**-32,075**
Increases	0	-1,788	0	-1,788
Reductions	0	70	0	70
As at 31.12.2018	**0**	**-33,793**	**0**	**-33,793**
Net value – as at 31.12.2018	**25,806**	**9,052**	**11,995**	**46,853**

Intangible assets used by the Group are connected with the Group's core activity. At the balance sheet date, the Group does not use intangible assets whose useful lives are undetermined.

The total value of amortisation of the above-presented assets is recognised under "selling costs" in the statement of comprehensive income.

No impairment premises were present with regard to the presented intangible assets as at 31 December 2019.

4.2.3. Research and development

In 2019, the OPONEO.PL Group continued to carry out online shopping projects for foreign markets, as well as for shops selling tyres and automotive accessories on the Polish market. The expenditures on projects are classified by the Company as a development work. Projects are implemented and financed out of own resources. At the balance sheet date, these assets were not depreciated, because they have not been adopted for use. At the balance sheet date, the Company had conducted tests regarding loss of value of development works which were not adopted for use. There was no impairment.

Expenditures on intangible assets	2019-12-31	2018-12-31
As at the beginning of the period	12,054	9,850
Costs incurred over the period	1,040	2,256
Adopted to use	-455	0
Negative development	0	-52
Expenditures in total	**12,639**	**12,054**

4.2.4. Long-term financial assets – associated companies

Structure of long-term financial assets	Shares owned as at 2019-12-31	
	Number of shares	Value of shares
Eximo Project Sp. z o.o.	10.00%	1

As at the balance sheet date, the stocks and shares in related entities and other entities were disclosed by the OPONEO.PL Group in the financial statements. As at 31 December 2019, the assets in subsidiaries were evaluated according to their purchase price, which the Group recognised as their fair value as at the balance sheet date. In the opinion of the Entity, the acquisition value of shares corresponds to their fair value mainly due to the fact that the Companies in which the entity holds shares are not quoted on an active market.

4.2.5. Deferred tax

Deferred tax	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Deferred tax assets		
As at the beginning of the period	1,326	1,696
Increases	312	292
Reductions	-588	-662
As at the end of the period	**1,050**	**1,326**
Deferred tax provision		
As at the beginning of the period	3,171	2,013
Increases	2,765	2,705
Reductions	-2,812	-1,547
As at the end of the period	**3,124**	**3,171**

The deferred tax disclosed in the current financial statements of the OPONEO.PL Group had been calculated from the temporary differences arising from the provision for unused holidays as at 31 December 2019. The deferred tax was not calculated from provisions for accounts receivable due to their non-tax character.

The information on deferred tax calculation is presented in item 4.1.4.

4.2.6. Inventories

The inventories disclosed by the Group in the statement of financial position, as at 31 December 2019, relate to inventories of commercial goods. As at the balance sheet date, they were valued at their purchase price. No new write-downs of inventories of commercial goods were made in 2019. The storage system allows for effective management of the warehouse inventory and its rotation. Automatic analysis of the date of tyre production influences the sequence of goods issue, thus preventing old, not rotating goods from leaving in the warehouses. There are also no price fluctuations on the market, which would force the Group to sell goods with a negative margin.

Stocks of goods	2019-12-31	2018-12-31
Passenger car tyres	73,924	54,778
Truck tyres	23	64
Motorcycle tyres	500	628
Wheels and accessories	13,949	12,766
Other accessories	11,383	7,354
Inventories in total	**99,779**	**75,590**

The item of inventories presented as other accessories covers mainly bicycle parts and equipment as well as travel accessories constituting current assets of Dadelo S.A.

4.2.7. Classification of financial instruments

Categories of financial assets and liabilities

The value of financial assets, presented in the statement of financial position as at 31 December 2019, refers to the following categories of financial instruments specified in IFRS 9:

- financial assets valued at amortised cost (AZK),
- financial assets measured at fair value through profit or loss – designated as measured in this way upon initial recognition or later (AWGW-W),
- financial assets measured at fair value through profit or loss – obligatorily measured in this way in accordance with IFRS 9 (AWGW-O),
- Equity instruments designated upon initial recognition to measurement at fair value through other comprehensive income (IKWGP),
- financial assets valued at fair value through other comprehensive income (AFWGP),
- financial instruments designated as hedging instruments (IZ),
- assets outside the scope of IFRS 9

Balance sheet items	Classes of financial instruments 2019-12-31							
	AZK	AWGW-W	AWGW-O	IKWGP	AFWGP	IZ	Outside IFRS 9	Total
Financial assets								
Fixed assets								
Loans and receivables	91	0	0	0	0	0	0	91
Financial derivatives	0	0	0	0	0	0	0	0
Other long-term financial assets	0	0	0	0	0	0	1	1
Current assets								0
Trade receivables and other receivables	43,920	0	0	0	0	0	0	43,920
Loans	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Other short-term financial assets	0	0	0	0	0	0	0	0
Cash and cash equivalents	0	0	0	0	0	80,517	0	80,517
In total	**44,011**	**0**	**0**	**0**	**0**	**80,517**	**1**	**124,529**

Balance sheet items	Classes of financial instruments 2018-12-31							
	AZK	AWGW-W	AWGW-O	IKWGP	AFWGP	IZ	Outside IFRS 9	Total
Financial assets								
Fixed assets	112	0	0	0	0	0	0	112
Loans and receivables	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	1	1
Other long-term financial assets								0
Current assets	39,323	0	0	0	0	0	0	39,323
Trade receivables and other receivables	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Other short-term financial assets	0	0	0	0	0	0	71,147	71,147
Cash and cash equivalents	**39,435**	**0**	**0**	**0**	**0**	**0**	**71,148**	**110,583**
In total								

The value of financial liabilities, presented in the consolidated statement of financial position as at 31 December 2019, refers to the following categories of financial instruments specified in IFRS 9:

- financial liabilities measured at amortised cost (ZZK),

- financial liabilities measured at fair value through profit or loss – designated as measured in this way upon initial recognition or later (ZWGW-W),
- financial liabilities measured at fair value through profit or loss – financial liabilities held for trading in accordance with IFRS 9 (ZWGW-O),
- financial guarantee contracts (UGF),
- contingent consideration in the business combination (WZP),
- financial instruments designated as hedging instruments (IZ),
- liabilities outside the scope of IFRS 9.

Balance sheet items	Classes of financial instruments 2019-12-31							
	ZZK	ZWGW-O	ZWGW-W	UGF	WZP	IZ	Outside IFRS 9	Total
Financial liabilities								
Long-term liabilities								
Credits, loans other debt instruments	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Other obligations	9,033	0	0	0	0	0	0	9,033
Short-term liabilities								0
Trade liabilities and other payables	151,043	0	0	0	0	0	0	151,043
Credits, loans other debt instruments	963	0	0	0	0	0	0	963
Financial derivatives		0	0	0	0	0	0	0
Other obligations	6,008	0	0	0	0	0	0	6,008
In total	**167,047**	**0**	**0**	**0**	**0**	**0**	**0**	**167,047**

Balance sheet items	Classes of financial instruments 2018-12-31							
	ZZK	ZWGW-O	ZWGW-W	UGF	WZP	IZ	Outside IFRS 9	Total
Financial liabilities								
Long-term liabilities								
Credits, loans other debt instruments	0	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0	0
Other obligations	0	0	0	0	0	0	0	0
Short-term liabilities								0
Trade liabilities and other payables	113,886	0	0	0	0	0	0	113,886
Credits, loans other debt instruments	0	0	0	0	0	0	0	0
Financial derivatives		0	0	0	0	0	0	0

Other obligations	394	0	0	0	0	0	0	394
In total	**114,280**	**0**	**0**	**0**	**0**	**0**	**0**	**114,280**

Classification of financial instruments using a fair value hierarchy

Fair value is defined as the price that would have been received for a sale of an asset or paid for the transfer of a liability in a transaction conducted on normal terms between market participants at the measurement date.

The fair value hierarchy of financial instruments has the following levels:

- Level 1 – quoted market prices on the active market for identical assets or liabilities,
- Level 2 - input data other than prices quoted included within Level 1 observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices),
- Level 3 - input data for the asset or liability valuation not based on observable market data (unobservable inputs).

As at 31 December 2019 and in the comparative period, the Group had no financial instruments measured at fair value.

Reclassification

Both in 2019 and in the previous periods, the Group did not change its business model for managing financial assets in a way which required reclassification of these assets between categories of assets measured at fair value through profit or loss or comprehensive income, and also measured at amortised cost.

Derecognition of financial assets in the statement of financial position

As at 31 December 2019, the Group had no financial assets whose transfers would not qualify for derecognition in the statement of financial position.

Financial assets and financial liabilities subject to offsetting

The Group does not present financial assets and liabilities in net amounts, which meet the requirements of offsetting specified in IAS 32.

4.2.8. Trade and other receivables

Trade receivables and other receivables	2019-12-31	2018-12-31
Trade and other receivables - related entities	8	16
Trade and other receivables - other entities	42,087	37,798
- including pre-payments	7,448	7,663
A write-down on trade receivables	-334	-403
Tax receivables	2,154	1,888
Other receivables	5	29
Trade receivables and other receivables in total	**43,920**	**39,328**

Write-downs of receivables	2019-12-31	2018-12-31
As at the beginning of the period	-403	-323
Increases	-194	-371
Reductions	263	291
As at the end of the period	**-334**	**-403**

Trade and other receivables	2019-12-31	2018-12-31
Performing	40,803	29,487
Non-performing	958	7,924
up to 1 month	253	4,942
from 1 to 6 months	238	2,264
from 6 months to 1 year	139	451
over 1 year	328	267
Trade and other receivables in total	**41,761**	**37,411**

The provisions for doubtful receivables are based on an analysis of their collectability. The recognised impairment losses are the difference between the carrying amount of such trade receivables and the present value of the expected receipts. In 2019, write-downs of receivables due by over 365 were made in the total amount of PLN 194 thousand. The Group has no hedging against the following amounts.

4.2.9. Short-term investments

Short-term investment	2019-12-31	2018-12-31
As at the beginning of the period	0	13
Loans granted	0	0
Interest accrued	0	0
Repayments	0	-13
Changes in presentation	0	0
As at the end of the period	**0**	**0**

4.2.10. Short-term prepaid expenses

Accruals	2019-12-31	2018-12-31
Settlement of subsidies	**326**	**334**
Other	**3,850**	**5,472**
Accrued expenses in total	**4,176**	**5,806**
including short-term	1,797	1,734
including long-term	2,379	4,072

The accruals presented in the assets of the OPONEO.PL Group's financial statements as at 31 December 2019 relate to the costs of training, licences and insurance of the future reporting period.

In accordance with SIC 15, prepayments which are presented in liabilities, as at 31 December 2019, relate to settlements of received EU subsidies and future periods related to settling in time the measures for warehouse adaptation. The table presents the accruals of income, divided into short-term and long-term (over one year).

4.2.11. Cash and cash equivalents

The cash of the OPONEO.PL Group, amounting to PLN 79,329,000, guaranteed the financing of its day-to-day operations.

Cash and cash equivalents	2019-12-31	2018-12-31
Cash in hand	9	16
Cash at bank	25,334	21,741
Deposits	49,143	44,795
Other	4,843	4,595
In total	**79,329**	**71,147**

The bank deposits are set up for various periods ranging from one day to several weeks, depending on the Group's current cash requirements. The interest rates on deposits are agreed individually on the day of their establishment. As at 31 December 2019, the item other cash covers the amount of PLN 4,829,000 resulting from electronic payments and the amount of PLN 14,000 constituting cash in transit.

Currency structure of cash (in PLN)

Cash and cash equivalents - currency structure	2019-12-31	2018-12-31
PLN	58,854	56,456
EUR	17,607	9,349
GBP	1,687	3,906
USD	174	271
HUF	85	17
TRY	161	12
CZK	761	1,136
In total	**79,329**	**71,147**

4.2.12. Share capital

The share capital of OPONEO.PL S.A, as at 31 December 2019, amounted to 13,936,000 and was divided into 8,676,000 ordinary bearer shares of A-series, 4,000,000 ordinary bearer shares of B series and 1,260,000 ordinary bearer shares of series C, nominal PLN 1.00 each.

The structure of shareholders holding at least 5% of the total number of votes of OPONEO.PL S.A as at 31 December 2019.

Shareholder	2019-12-31	
	Number of shares	Share in the share capital and in the number of votes at the general meeting in %
Ryszard Zawieruszyński	3,283,097	23.56
Dariusz Topolewski	3,001,592	21.54
Rockbridge TFI S.A.	2,108,503	15.13
GENERALI PTE S.A.	1,282,645	9.20
AEGON OFE	1,155,000	8.29
Other	3,105,163	22.28
In total	**13,936,000**	**100.00**

4.2.13. Supplementary and reserve capital

Supplementary capital

The Group creates a supplementary capital from net profit, to which at least 8% of profit for the fiscal year is transferred, until the amount of the supplementary capital will be equal to at least 1/3 of the share capital. The supplementary capital in part formed from profit may be allocated to the dividend.

Supplementary capital	2019-12-31	2018-12-31
Surplus from the sale of shares	26,145	26,145
Share issue	11,340	11,340
Capital from the distribution of profits	71,473	60,874
The sale of treasury shares	24,257	24,257
Treasury shares	0	0
In total	**133,215**	**122,616**

The change in value of supplementary capital in 2019 resulted from recognition of profit or loss for the previous year in the amount of PLN 10,766,000.

Payment of dividend from profit

Dividend	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Amount of dividend paid from profit	5,575	4,878
Amount for shares	**0.40**	**0.35**

Reserve capital

In the previous periods, the Group created reserve capital, from its supplementary capital, for repurchase of own shares. The capital, partly formed from the profit, could also be allocated to the dividend and to advance on the expected dividend.

4.2.14. Financial liabilities

OPONEO.PL S.A. has the possibility to use a multipurpose credit line taken from the BNP Paribas S.A. Bank. The credit limit is PLN 95,000,000. The credit term was determined by 23 August 2028. The interest rate on the credit is the WIBOR base rate for one-month deposits plus a margin of 0.8 p.p.

The credit line is secured by the following:

- blank promissory note,
- capped mortgage up to PLN 45,000,000,
- assignment of claims from the property insurance contract,
- assignment of claims from the inventory insurance contract,

- borrower's declaration of submission to Bank's debt enforcement,
- registered pledge on stock,
- transfer of existing and future receivables for all commercial receivables which are payable to the Borrower from all its debtors.

In the third quarter of 2019, OPONEO.PL S.A. guaranteed an agreement on a multi-option credit line granted to the affiliated company, Dadelo S.A., by BNP Paribas Bank Polska Spółka Akcyjna with the limit of PLN 7,000,000. The guarantee was granted up to PLN 10,500,000 until 30 September 2032.

OPONEO.PL S.A. has concluded contracts for the lease of warehouse space with the following companies:

- AIFM PL III Sp. z o.o. (earlier: PDC Industrial Center 43 Sp. z o.o.),
- AIFM PL I Sp. z o.o. (earlier: ACCOLADE PL IV Sp. z o.o.)

which, in accordance with point 13, oblige it to present to the landlord within 21 days from the day of its signing its unconditional, transferable and payable on first demand bank guarantee expressed in EUR. The guarantee is to be maintained for the entire rental period of the storage facilities.

Due to the conclusion of a further agreement with AIFM PL III Sp. z o.o. (earlier: PDC Industrial Center 43 Sp. z o.o.) for the lease of additional storage space, on 18 December 2018 the bank guarantee issued by BNP Paribas was changed to EUR 304,6 thousand. The guarantee is valid until 30 January 2020.

Due to the conclusion of a further agreement with AIFM PL I Sp. z o.o. for the lease of additional storage space, on 18 December 2018, the bank guarantee was issued by BNP Paribas to EUR 230,8 thousand. The guarantee is valid until 30 January 2020.

In connection with the development of the company's warehouse base, BNP Paribas issued a bank guarantee for Castleport Investments sp. z o. o., ul. Towarowa 28, 00-839 Warsaw up to the amount of EUR 1,134,000. The guarantee is valid until 31 December 2020.

During the period covered by this report, lease contracts with Millenium Leasing Sp. z o.o. in Warsaw, concluded for the period of 24 months and for a total value of PLN 1,451,000, were continued. The agreements are secured with blank bills of exchange without protest, issued by the Company.

4.2.15. Trade liabilities and other payables

Trade liabilities and other payables	2019-12-31	2018-12-31
Trade and other receivables - related entities	48	51
Trade and other receivables	67,642	81,710
Advances received	23,423	1,844
Bill of exchange liabilities	36,800	30,281
Liabilities due to other taxes, fees and social benefits	21,752	13,604
Payroll liabilities	1,366	20
Other liabilities	12	6
Short-term trade payables and other liabilities in total	**151,043**	**127,516**

The trade liabilities and other payables also include income tax liabilities which are included in the Statement of financial position in a separate item.
Obligations under a promissory note determined by the Group concern payments in commercial transactions. They result from the deferred payment for the supplier for goods purchased by the Group. Promissory notes are paid on the determined day without any additional charges and interests. Commitments and promissory notes are stated at face value, as they are due in the short term.

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Trade and other receivables	2019-12-31	2018-12-31
Performing	127,329	109,174
Non-performing	584	4,712
up to 1 month	133	3,378
from 1 to 6 months	159	1,008
from 6 months to 1 year	221	18
over 1 year	71	308
Trade liabilities in total	**127,913**	**113,886**

4.2.16. Other financial liabilities

As at 31 December 2019, the company has operating lease agreements on cars, concluded on 07 June 2017 and recognised as financial lease.
Since 01 January 2019, the Group has adopted a new IFRS 16 “Leases” standard to be applied to the long-term agreement for the lease of warehouse space presented as the right of use. As at the date of application of IFRS 16 for the first time, lease liabilities were measured at the present value of other fees, discounted using an annual discount rate depending on the currency, purpose of use and term of the agreements, totalling 2.19%, in the total amount of PLN 18,590,000.
In the fourth quarter of 2019, the Group presents 11 new lease agreements relating to forklift trucks, used to execute orders in warehouses, for the total amount of PLN 1,824,000.

Lease liabilities	Minimum lease payments		Current value of lease payments	
	201912-31	2018-12-31	2019-12-31	2018-12-31
Under one year	6,008	394	6,008	394
From one to five years	9,033	0	9,033	0
Over five years	0	0	0	0
Lease liabilities in total	**15,041**	**394**	**15,041**	**394**

4.2.17. Short-term provisions

Short-term provisions	2019-12-31	2018-12-31
Provisions for untaken leave	486	462
Provisions for liabilities	42	46
Short-term provisions in total	**528**	**508**

In the statement of financial position, as at 31 December 2019, the Group presents short-term provisions covering employee benefits provisions and a provision for the costs of external services.

Provisions for untaken leave	2019-12-31	2018-12-31
As at the beginning of the period	**462**	**479**
Increases	1,880	1,911
Reductions	-1,856	-1,928
As at the end of the period	**486**	**462**

Other provisions	2019-12-31	2018-12-31
As at the beginning of the period	46	27
Increases - charges of the financial result	0	19
Reductions - crediting of the financial result	-4	0
As at the end of the period	**42**	**46**

5. OTHER INFORMATION

5.1. Basic consolidated data of subsidiaries

Basic data of subsidiaries	2019-12-31		01.01.2019-31.12.2019
	Fixed assets	Balance sheet total	Net result
Opony.pl Sp. z o.o.	0	1,601	108
Oponeo Brandhouse Sp. z o.o.	27,484	33,642	14,901
Oponeo.de GmbH	0	2,697	233
OPONEO.CO.UK LTD	0	6,588	804
OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi	0	375	-50
Oponeo Brandhouse S.K.A.	38	5,114	-2
OPONEO.com INC	0	112	-24
Hurtopon.pl Sp. z o.o.	3	162	-83
Dadelo SA	6,711	18,665	751

5.2. Error correction

The OPONEO.PL Group did not make any correction of an accounting error for the years preceding the reporting period from 1 January 2018 to 31 December 2018.

5.3. Contingent liabilities

The contingent liabilities arising from lines of credit and bank guarantee are described in detail in section 4.2.14.

5.4. Objectives and principles of managing financial risk

Financial risk

Elements that affect operations of the OPONEO.PL Group:

- Foreign exchange risk - the Group conducts trade activities outside of Poland, mainly within the European Union, and therefore fluctuations in exchange rates affect its results. The Group strives to balance revenues and expenses in a given currency and concludes forward hedging transactions in respect of payments and receivables in foreign currency.

	01.01.2019-31.12.2019		01.01.2018-31.12.2018	
	Assets	Liabilities	Assets	Liabilities
EUR	22,219	38,558	14,113	19,535
GBP	8,718	3,629	5,369	3,032
USD	7,009	1,805	9,038	1,887
CZK	784	43	1,164	152
TRY	353	283	196	314
HUF	85	5	18	52

In the case of exchange rate fluctuations of 15%, the assets and liabilities for 2019, would be as follows:

	01.01.2019-31.12.2019		01.01.2019-31.12.2019		01.01.2019-31.12.2019	
	Current		Increase in exchange rate by 15%		Decrease of exchange rate by 15%	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
EUR	22,219	38,558	25,552	44,342	18,887	32,774
GBP	8,718	3,629	10,026	4,174	7,410	3,085
USD	7,009	1,805	8,061	2,076	5,958	1,534
CZK	784	43	909	50	666	37
TRY	353	282	406	325	300	241
HUF	85	5	98	6	72	5

- Interest rate risk - the companies in the OPONEO.PL Group use variable rate credit lines;
  therefore, increases in official interest rates may pose a risk of increased financing costs of the Group. The Group does not use hedging instruments for the interest rate risk.
- Credit risk - this may be due to the economic downturn, which will worsen the payment situation of counterparties. However, such risk is negligible, as payments for goods are largely carried out by cash on delivery. Granting credit to a certain customer is evaluated on a case- by-case basis. In addition, trade receivables are insured at Euler Hermes.

- Liquidity risk – The OPONEO.PL Group constantly monitors the chargeability of receivables and liabilities. OPONEO.PL aims to maintain financial balance also through the use of various sources of financing (bank credit, buyers' credits). A threat to the Group may be the tightening of lending policy or limiting of the possibility to obtain external financing.

Maturities of financial liabilities in 2020	up to 6 months	from 6 to 12 months	1 to 3 years	more than 3 years
Non-derivative financial liabilities	130,979	3,905	8,916	117
financial liabilities	127,913	0	0	0
lease liabilities	3,066	2,942	8,916	117
bank loans	0	963	0	0
bonds issued	0	0	0	0
Derivatives	0	0	0	0
Options	0	0	0	0
In total	**130,979**	**3,905**	**8,916**	**117**

5.5. Court proceedings

In the period covered by this report, the OPONEO.PL Group did not make any significant settlements in court proceedings.

In 2019, as well as until the date of submission of this periodic report, there had been no pending proceedings before a court or an arbitration or public administration body, any proceedings relating to liabilities or receivables of the Group, the value of which individually or collectively represents at least 10% of the capital of OPONEO.PL.

5.6. Transactions with related entities

During the period covered by this report, there was not even one significant transaction, between the OPONEO.PL Group and related entities, that was signed on terms other than market conditions.

In the report of the OPONEO.PL Group for the period from 1 January to 31 December 2019, related party transactions covered by full consolidation were eliminated.

The tables show the net values of the transactions.

Transactions with related entities	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Sales	65,051	66,783
Purchase	25,574	24,509
Loan granted	6,203	5,500
Dividend received	15,489	14,614

Transactions with entities being the subject to full consolidation	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Sales	64,994	66,692
Purchase	22,456	21,787
Sale of tangible and intangible assets	0	0
Purchase of tangible and intangible assets	0	0
Loans granted	6,203	5,500
Interest received on loans granted	118	65
Dividend received	15,479	14,614

Transactions with other related entities	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Sales	57	91
Purchase	3,118	2722
Dividend received	10	0

Related entities	01.01.2019-31.12.2019		01.01.2018-31.12.2018	
	Purchase	Sales	Purchase	Sales
Fully consolidated entities				
Opony.pl Sp. z o.o.	143	18	169	18
Oponeo Brandhouse Sp. z o.o.	22,290	49	21,547	52
Oponeo.de GmbH	0	22,010	0	21,456
OPONEO.CO.UK LTD	0	41,929	0	43,910
OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi	0	3	0	86
Hurtopon.pl Sp. z o.o.	23	18	56	18
OPONEO.com INC	0	0	0	0
Autocentrum.pl SA	0	28	0	33
Dadelo SA	0	939	15	1,119
Oponeo Brandhouse S.K.A.			0	0
Entities covered by full consolidation in total	**22,456**	**64,994**	**21,787**	**66,692**
Other related entities				
Rotopino.pl SA	0	32	1	31
Eximo Project Sp. z o.o.	988	25	1,112	52
Escrita Monika Siarkowska	130	0	109	0
Stratos Dariusz Topolewski	2,000	0	1,500	8
Other related entities in total	**3,118**	**57**	**2,722**	**91**

Receivables and payables with related entities

The balance of receivables and payables between related parties covered by full consolidation, was adjusted for the purposes of the consolidated statements with the values in the table below.

Receivables and liabilities of related entities	2019-12-31		2018-12-31	
	Receivable	Liability	Receivable	Liability
Fully consolidated entities				
OPONY.PL Sp. z o.o.	2	95	7	102
Oponeo Brandhouse Sp. z o.o.	1	5,995	390	6,929
Oponeo.de GmbH	2,381	0	916	0
OPONEO.CO.UK LTD	1,881	0	11	0
OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi	88	0	82	0
Hurtopon.pl Sp. z o.o.	12	15	15	26
OPONEO.com INC	47	0	47	0
Autocentrum.pl SA	0	0	7	4
Dadelo SA	51	23	60	0
Oponeo Brandhouse S.K.A.	0	0	0	0
Entities covered by full consolidation in total	**4,463**	**6,128**	**1,535**	**7,061**
Other related entities				
Rotopino.pl SA	3	0	3	0
Eximo Project Sp. z o.o.	5	36	9	36
Escrita Monika Siarkowska	0	12	0	15
Stratos Dariusz Topolewski	0	0	4	0
Other related entities in total	**8**	**48**	**16**	**51**

5.7. EMPLOYMENT

Employment structure	Employment in total	Sales Department	IT Department	Warehouse	Other
As at 01.01.2019	437	208	54	105	70
As at 31.12.2019	459	218	60	102	79

5.8. Remuneration of persons managing and supervising the Company

Member of the Management Board	01.01.2019-31.12.2019		01.01.2018-31.12.2018	
	Due to performance of function in the Board	Due to employment contract within the Company	Due to performance of function in the Board	Due to employment contract within the Company
Dariusz Topolewski	0	28	0	26
Michał Butkiewicz	282	31	307	30
Michał Karpusiewicz	282	32	307	30
Wojciech Topolewski	260	51	274	51
Ernest Pujszo	260	51	274	51

Member of the Supervisory Board	01.01.2019-31.12.2019		01.01.2018-31.12.2018	
	Due to performance of function in the Supervisory Board	Due to employment contract within the Company	Due to performance of function in the Supervisory Board	Due to employment contract within the Company
Lucjan Ciaciuch	7	0	5	0
Paweł Sznajder	6	0	3	0
Monika Siarkowska	8	0	5	0
Michał Kobus	4	0	4	0
Wojciech Małachowski	6	0	4	0

5.9. Statutory auditor's remuneration

Net remuneration of the entity authorised to audit financial statements	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Audit of annual financial statements and consolidated financial statements	50	40
Other certifying services, including a review of the financial statements and consolidated financial statements	25	25
Tax advisory services	0	0
Other services (annual audit of subsidiaries' financial statements)	0	0
In total	**75**	**65**

In the period from 1 January to 31 December 2019, the amount of gross remuneration paid to the statutory auditor for the audit and review of financial statements and other related services was PLN 75,000 net.

In the period from 1 January to 31 December 2018, the amount of gross remuneration paid to the auditor firm for the audit and review of financial statements and other related services was PLN 65,000 net.

5.10. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

After the end of the reporting period, the companies OPONEO.PL SA and Oponeo Brandhouse Sp. z o.o. merged by way of acquisition by OPONEO.PL SA. Detailed information on the transaction was given in the current report No 3/2020 of 14 January 2020.

The first months of 2020 witnessed the spread of COVID-19 (coronavirus) in many countries, including Poland. On 11 March 2020, the World Health Organisation (WHO) declared the pandemic of the SARS-COV-2 virus causing COVID-19 disease. On 12 March this year, the Polish government instituted an epidemic emergency in the country, and on 20 March it declared epidemic in accordance with the Act on Prevention and Control of Infections and Infectious Diseases.

This situation has a negative impact on the global economy. Significant weakening of the Polish currency exchange rate, fluctuation of commodity prices and drop in the value of shares may affect the situation of the entity in n the prospect of the entire year 2020.

The activity of OPONEO.PL S.A. may be influenced by the dynamically changing environment of its business partners as well as by future conditions on the market, concerning production and prices of tyres and demand, which are difficult to predict. Some goods are purchased from abroad and an increase in exchange rates may increase the financial burden in the subsequent period. At the moment, the situation related to the inventory for the next quarter is safe for OPONEO.PL S.A., because the Company executes seasonal orders about a quarter in advance.

The Company constantly monitors the development of the pandemic, maintaining contacts with its main business partners and carrying out activities aimed at hedging against the identified risks.

The Company's Management Board considers such a situation as an event not resulting in adjustments to the financial statements for 2019, but as an event after the balance sheet date, requiring additional disclosures. According to the Management Board, at present there are no premises that would indicate a threat to the continuation of the Company's operations. As at the date of publication of these financial statements, the Company has not identified any limitations on the execution of current payments and has various sources of financing available to ensure its financial liquidity.

Due to the fact that it is not possible to estimate the duration of the current situation and its further development, and due to the unpredictability of external factors, it is not possible to provide precise figures on the potential impact of the current situation on the entity in 2020. Possible negative impact on the Company's financial performance will be included in the books of account and financial statements for the reporting periods in 2020.

5.11. STATEMENT OF THE MANAGEMENT BOARD

We declare, in accordance with our best knowledge and belief, that:

The consolidated annual financial statements and comparative data were prepared in accordance with applicable accounting principles and reflect a true and fair view of the financial position of the OPONEO.PL Group and its financial performance. The consolidated annual Management report gives a true picture of the development and achievements of the OPONEO.PL Group, including a description of the main risks and threats. The Group complied with the law, as well as the terms and conditions of concluded agreements, relevant to our business and especially its continuation.

We made available to the auditor / auditing team the accounting books and full documentation supporting the state of the accounting records.

Submitted to the statutory auditor / auditing team examining the constituent, registered and statutory documents are valid as at the date of commencement of audit of the financial statements.

As far as we know, the consolidated financial statements are free from significant errors and omissions, and settlements concerning tax were made in accordance with the applicable provisions for which appropriate supervisory bodies did not report any objections.

In the consolidated financial statements of the OPONEO.PL Group, the valuation of assets and liabilities was presented correctly and the revenues and expenses relating to the reporting period were included in a complete manner. The necessary reserves were created, and foreign exchange differences were accounted for in foreign settlements.

The consolidated financial statements have been prepared on the assumption that the business will continue in the foreseeable future and that there are no circumstances that could jeopardize the continuation of the entity.

We have identified all stocks that do not show traffic, analysing the potential for their sale, which did not result in their revaluation. In the consolidated financial statements we have disclosed all receivables and liabilities, including contingent liabilities, guarantees (also bills of exchange), pledges and disputed settlements.

We have all the legal titles to the assets listed on the balance sheet.

We have provided the statutory auditor / auditing team with lists of court cases established by our Company and its affiliates and pending against them, as well as the ones in the process of preparing for legal proceedings.

We also presented a list of external controls and a list of collateral on the entity's assets, as set out in the notes.

In settling our receivables, we waived interest on late payments.

Typically, settlements with suppliers are made in the amount of principal outstanding.

We revealed links with all natural and legal persons, concerning the direct or indirect involvement in the management and control and participation in the capital affiliated with our company.

We had disclosed to the statutory auditor / auditing team any events that occurred after the balance sheet date that may had influenced the opinion of the audited financial statements and the assessment of the financial position of OPONEO.PL S.A. Group.

As at 31 December 2019, the OPONEO.PL Group has no open financial instruments, in particular: futures, forward contracts, option contracts, swaps; other than those disclosed in the financial statement as at 31 December 2019.

We declare that there are no formal or informal agreements with another entity, regarding the equalization of cash balances and capitals or funds.

In addition, we declare that the entity authorized to audit financial statements, HLB M2 AUDIT PIE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, which audited the consolidated annual financial statements of OPONEO.PL S.A for the period from 1 January to 31 December 2019, was selected in accordance with the law and met the conditions for release an impartial and independent audit opinion in accordance with the relevant regulations and professional standards.

The consolidated financial statements were approved for publication on 31 March 2020.

APPROVAL FOR PUBLICATION

The consolidated financial statements were approved for publication by the Management Board of OPONEO.PL S.A. on 31 March 2020. Shareholders of the entity are not authorised to make any changes in the published financial statements.

Signatures of persons representing the Company:

Dariusz Topolewski

President of the Management Board

Michał Butkiewicz

Member of the Management Board

Maciej Karpusiewicz

Member of the Management Board

Ernest Pujszo

Member of the Management Board

Wojciech Topolewski

Member of the Management Board

Signature of the person entrusted with bookkeeping:

Małgorzata Nowicka

Chief Accounting Officer

Bydgoszcz, 31 March 2020

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