



Separate annual financial statements
of OPONEO.PL S.A.
as at 31 December

2019

March 31, 2020

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1. GENERAL INFORMATION

1.1. INFORMATION ABOUT OPONEO.PL S.A.

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 1,092 service points.

The company offers tyres for:

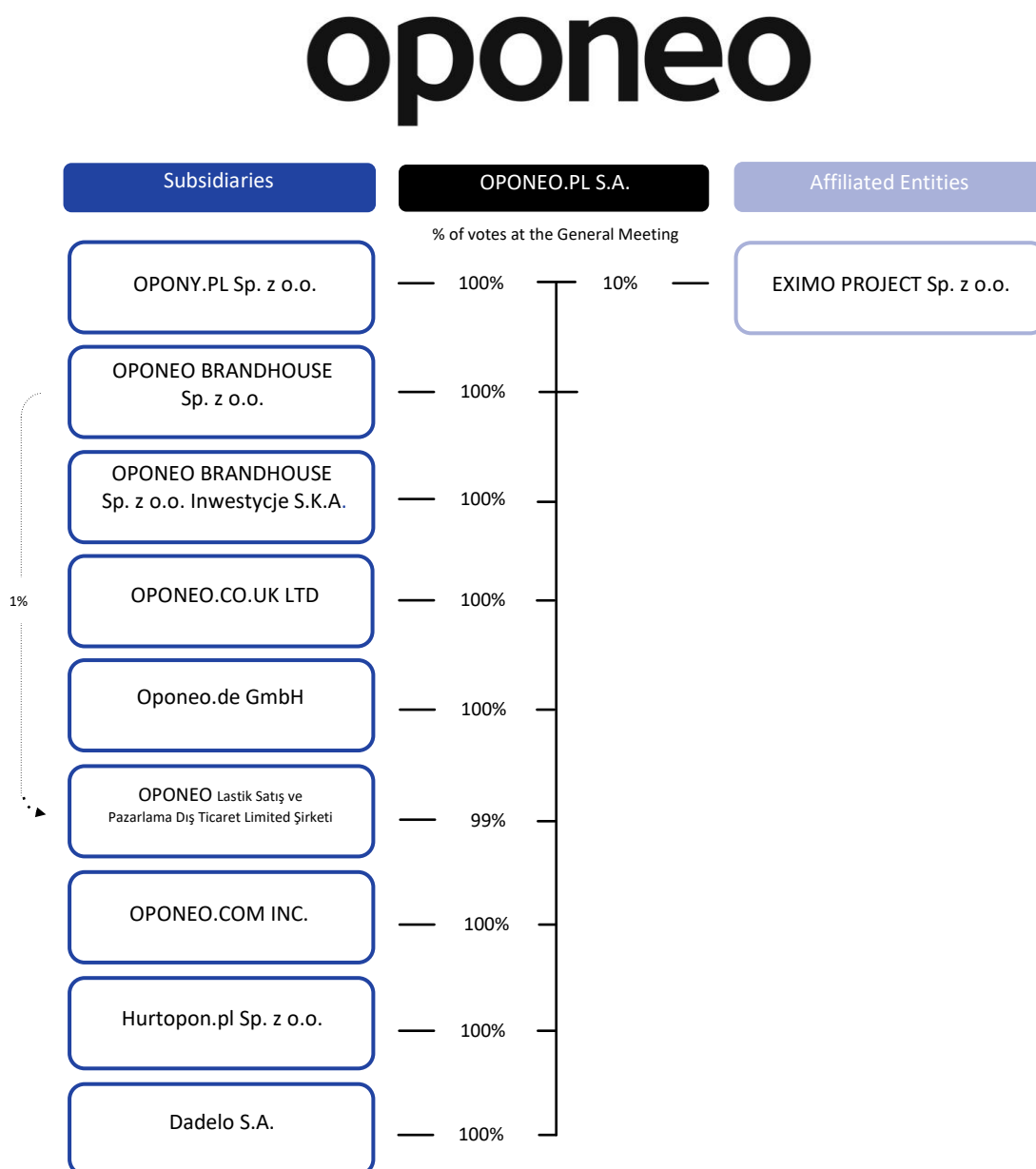
- passenger cars,
- light commercial vehicles,
- four-wheel drive vehicles (4x4),
- trucks,
- motorcycles,
- quads.

The offer includes more than 76,200 tyres, with 4,800 models from 244 manufacturers. In order to provide appropriate adaptation to weather conditions, the Group offers year-round, winter and summer tyres.

The OPONEO.PL Company is the leader in online tyre sales in Poland. In addition, it carries out retail activities on 10 different European markets, i.e. in Austria, Belgium, Czech Republic, France, Spain, the Netherlands, Ireland, Hungary and in Italy.

1.2. INFORMATION ABOUT 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. SEPARATE FINANCIAL STATEMENTS

2.1. SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 01.01.2019- 31.12.2019 | 01.01.2018- 31.12.2018 |
|--|-------|---------------------------|---------------------------|
| Sales revenues | 4.1.1 | 918,005 | 811,599 |
| Prime costs of the sale | | -743,387 | -659,424 |
| Gross profit (loss) | | 174,618 | 152,175 |
| Selling expenses | 4.1.2 | -158,365 | -134,799 |
| Administrative expenses | 4.1.2 | -9,251 | -7,608 |
| Other operating revenues | 4.1.2 | 3,001 | 2,009 |
| Other operating expenses | 4.1.2 | -4,042 | -4,316 |
| Operating income (loss) | | 5,961 | 7,461 |
| Financial incomes | 4.1.3 | 18,149 | 14,978 |
| Financial costs | 4.1.3 | -974 | -723 |
| Profit from evaluation of financial assets at fair value through financial result. | | 0 | 0 |
| Gross profit (loss) | | 23,136 | 21,716 |
| Income tax | 4.1.4 | -6,130 | -4,884 |
| Net profit (loss) | | 17,006 | 16,832 |
| Other comprehensive income | | 0 | 0 |
| Effects of valuation of financial assets available for sale | | 0 | 0 |
| Hedge accounting | | 0 | 0 |
| Actuarial gains and losses | | 0 | 0 |
| Income tax on other comprehensive income | | 0 | 0 |
| Comprehensive income in total | | 17,006 | 16,832 |

| Earnings per share | in PLN '000 | |
|--|-----------------------|-----------------------|
| | 01.01.2019-31.12.2019 | 01.01.2018-31.12.2018 |
| Profit (loss) per ordinary share | 1.22 | 1.21 |
| Diluted profit (loss) per ordinary share | 1.22 | 1.21 |
| Accounting value per one share | 13.56 | 12.74 |
| Diluted accounting value per one share | 13.56 | 12.74 |

2.2. SEPARATE STATEMENT OF FINANCIAL POSITION

Assets

| | Note | 2019-12-31 | 2018-12-31 |
|---|--------|----------------|----------------|
| Fixed assets | | | |
| Tangible fixed assets | 4.2.1 | 82,158 | 65,598 |
| Intangible fixed assets | 4.2.2 | 20,319 | 21,163 |
| Long-term financial assets | 4.2.4 | 64,953 | 67,830 |
| Investments accounted using the equity method | | 0 | 0 |
| Long-term investments | 4.2.5 | 84 | 75 |
| Long-term accruals | | 0 | 0 |
| Deferred tax assets | 4.2.6 | 1,027 | 1,271 |
| Fixed assets in total | | 168,541 | 155,937 |
| Current assets | | | |
| Inventories | 4.2.7 | 88,376 | 68,351 |
| Trade receivables and other receivables | 4.2.9 | 42,206 | 37,535 |
| Income tax receivables | | 0 | 0 |
| Short-term prepaid expenses | 4.2.11 | 330 | 248 |
| Short-term financial assets | 4.2.10 | 218 | 0 |
| Cash and cash equivalents | 4.2.12 | 68,291 | 60,552 |
| Current assets in total | | 199,421 | 166,686 |
| Total assets | | 367,962 | 322,623 |

Liabilities

| | Note | 2019-12-31 | 2018-12-31 |
|--|--------|----------------|----------------|
| Equity | | | |
| Share capital | 4.2.13 | 13,936 | 13,936 |
| Supplementary capital | 4.2.14 | 158,083 | 146,828 |
| Reserve capital | | 0 | 0 |
| Profit (loss) from previous years | | 0 | -2 |
| Net profit (loss) | | 17,006 | 16,832 |
| Equity attributable to minority shareholders | | 0 | 0 |
| Equity attributable to equity holders of the parent entity | | 189,025 | 177,594 |
| Equity in total | | 189,025 | 177,594 |
| Long-term liabilities | | | |
| Long-term financial liabilities | 4.2.17 | 9,033 | 0 |
| Deferred tax liabilities | 4.2.6 | 8,548 | 8,595 |
| Long-term accruals | 4.2.11 | 2,379 | 4,072 |
| Long-term liabilities in total | | 19,960 | 12,667 |
| Short-term liabilities | | | |
| Trade liabilities and other payables | 4.2.16 | 149,808 | 129,595 |
| Short-term financial liabilities | 4.2.17 | 6,008 | 394 |
| Income tax liabilities | 4.2.16 | 982 | 212 |
| Short-term provisions | 4.2.18 | 486 | 462 |
| Short-term prepaid expenses | 4.2.11 | 1,693 | 1,699 |
| Short-term liabilities in total | | 158,977 | 132,362 |
| Equity and liabilities in total | | 367,962 | 322,623 |

2.3. SEPARATE CASH FLOW STATEMENT

| | 01.01.2019- 31.12.2019 | 01.01.2018- 31.12.2018 |
|---|---------------------------|---------------------------|
| Cash flows from operating activities | | |
| Net profit (loss) | 17,006 | 16,832 |
| Total adjustments | -10,590 | -18,362 |
| Amortisation and/or depreciation | 12,555 | 5,112 |
| 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) | -15,489 | -14,614 |
| Profit (loss) on investing activities | -2,440 | 119 |
| Change in provisions | 221 | 1,565 |
| Change in inventories | -20,025 | -16,239 |
| Change in receivables | -4,671 | -10,023 |
| Change in trade payables and other liabilities | 20,214 | 16,578 |
| Change in accruals | -1,781 | -1,196 |
| Change in income tax status | 826 | 336 |
| Other adjustments | 0 | 0 |
| Net cash flows from operating activities in total | 6,416 | -1,530 |
| Cash flows from investing activities | | |
| Disposal of intangible and tangible fixed assets | 21 | 103 |
| Disposal of investments in real property and intangible assets | 0 | 0 |
| Disposal of financial assets | 9,350 | 0 |
| Payments from dividends and profit sharing | 15,489 | 14,614 |
| Repayment of long-term loans | 2 | 2 |
| Repayment of interest relating to investment activities | 0 | 0 |
| Other incomes from financial assets | 0 | 0 |
| Other investment inflows | 6,110 | 7,500 |
| Acquisition of intangible and tangible fixed assets | -7,857 | -7,639 |
| Investments in real estate and other intangible fixed assets | 0 | -9,789 |
| Acquisition of financial assets | -4,377 | 0 |
| Long-term loans | -6,203 | 0 |
| Other investment expenditures | 0 | -5,500 |
| Net cash flows from investing activities in total | 12,535 | -709 |
| Cash flows from financial activities | | |
| Net incomes from issue of shares and other equity instruments and capital contributions | 0 | 0 |

| | | |
|---|----------------|---------------|
| Deposits and loans received | 48,378 | 29,467 |
| Proceeds from issue of debt securities | 0 | 0 |
| Other financial incomes | 0 | 0 |
| Acquisition of own shares | 0 | 0 |
| Paid dividends and other payments to owners | -5,575 | -4,878 |
| Profit distribution liabilities other than profit distribution payments to owners | 0 | 0 |
| Repayment of deposits and loans | -48,378 | -29,467 |
| Redemption of debt securities | 0 | 0 |
| Expenses on other financial liabilities | 0 | 0 |
| Payments under financial lease agreements | -5,637 | -225 |
| Interest rates paid | 0 | 0 |
| Other financial expenses | 0 | 0 |
| Net cash flows from financial activities in total | -11,212 | -5,103 |
| Net cash flows in total | 7,739 | -7,342 |
| Change in cash due to foreign exchange differences | | |
| Cash opening balance | 60,552 | 67,894 |
| Cash at the end of the period | 68,291 | 60,552 |

2.4. SEPARATE 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 |
| Reserve capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplementary capital | 146,828 | 11,255 | 0 | 0 | 0 | 0 | 158,083 |
| Treasury shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Retained earnings | 16,830 | -11,255 | 0 | 0 | -5,575 | 0 | 0 |
| Net profit (loss) for the period | 0 | 0 | 0 | 0 | 0 | 17,006 | 17,006 |
| Equity attributable to the company's shareholders | 177,594 | 0 | 0 | 0 | -5,575 | 17,006 | 189,025 |
| Equity in total | 177,594 | 0 | 0 | 0 | -5,575 | 17,006 | 189,025 |

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 |
| Reserve capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplementary capital | 134,992 | 11,836 | 0 | 0 | 0 | 0 | 146,828 |
| Treasury shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Retained earnings | 16,712 | -11,836 | 0 | 0 | -4,876 | -2 | -2 |
| Net profit (loss) for the period | 0 | 0 | 0 | 0 | 0 | 16,832 | 16,832 |
| Equity attributable to the company's shareholders | 165,640 | 0 | 0 | 0 | -4,876 | 16,830 | 177,594 |
| Equity in total | 165,640 | 0 | 0 | 0 | -4,876 | 16,830 | 177,594 |

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 S.A. company has prepared these separate financial statements as at 31 December 2019 and for the period from 01 January to 31 December 2019, in accordance with the International Accounting Standard (IAS) 27 - "Separate Financial Statements" and with International Financial Reporting Standards (IFRS).

The separate financial statements of OPONEO.PL S.A. were prepared on the basis of the best knowledge of the management board in the scope of IFRS rules and in accordance with their 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 separate financial statements of OPONEO.PL S.A. 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, there are no reported circumstances indicating any risk to the continuation of OPONEO.PL S.A.'s activity.

3.2.2. Operating segments

OPONEO.PL S.A. 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 Company 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 Company 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. 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 price of purchase, 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 cost of manufacturing an item of property, plant and equipment under construction includes all costs incurred up to the date of its commissioning.

Depreciation is recognised 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 recognised 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.

3.2.5. Intangible assets

The acquired intangible assets with a defined economic useful life are recognised in the books at acquisition cost reduced by accumulated amortisation. Depreciation is recognised linearly in the estimated period of economic utility. The goodwill is not amortised. 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.

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.

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, annual assessments as to whether there are any indicators of impairment are conducted. 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 at which they generate cash flows independently of other assets or groups of assets (so-called cash-generating units). Asset items that self-generate 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.

3.2.6. 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.

3.2.7. 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 Company 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 Company 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 Company 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 Company 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 the 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 statement items:

- loans, borrowings and 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 Company 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.

3.2.8. 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.

3.2.9. 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.

3.2.10. 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).

3.2.11. 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.

3.2.12. 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, including retirement severance pay.

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 Company creates a provision for the costs of accumulated paid absences, which it will have to bear as a result of an entitlement not used by employees, and which accrues as at the balance sheet date. The provision for untaken leave is a short-term provision and is not discounted.

3.2.13. Other provisions, contingent assets and liabilities

A provision is recognised, when the Company 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.

3.2.14. Contingent assets and 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 statement 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 Company, 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.

3.2.15. Interest bearing loans and borrowings

Interest-bearing loans and borrowings are classified by the Company 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.

3.2.16. 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. 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.

3.2.17. 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 which 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".

3.2.18. 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 statement of financial position are presented in the value resulting from the initial recognition in the books.

3.2.19. 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 in the amount of probable economic benefits gained by the Company in connection with a given transaction and when the amount of revenues can be measured in a reliable way. 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,
- 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.

3.2.20. 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.

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 recognised) of another asset or liability in a transaction that does not affect the tax result, or 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.

3.2.21. 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. The errors of the previous period, are errors in the financial report covering one or more previous periods.

The amount of the correction of the material error relating to past financial periods should be disclosed in the financial statement 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.

3.2.22. Provisions

Provisions are created when the Entity has an obligation, legal or constructive, resulting from past events, and it is probable that the fulfilment of this obligation will cause an outflow of funds, and it is possible to estimate the amount of the obligation.

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 statement 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 OPONEO.PL Company has adopted a new IFRS 16 "Leasing" 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 Company 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 a 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 a separate 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 separate 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. ESTIMATES AND CORRECTIONS

The preparation of separate 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,
- contingent liabilities
- impairment tests,
- deferred tax assets.

3.8. 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 separate financial statements when applied by the Entity as at the balance sheet date.

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

4. EXPLANATORY NOTES TO EACH ITEM OF THE FINANCIAL STATEMENTS

4.1. INDIVIDUAL STATEMENTS 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 | 904,577 | 799,285 |
| Other sales revenues | 13,428 | 12,314 |
| Revenues in total | 918,005 | 811,599 |

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 Company 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 1.5% of total sales. Therefore, the Company 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 | 847,769 | 745,802 |
| Sale of wheels | 38,523 | 32,428 |
| Sale of motorcycle tyres | 16,415 | 18,650 |
| Sale of truck tyres | 840 | 1,284 |
| Sale of other goods | 1,030 | 1,121 |
| Sale of goods in total | 904,577 | 799,285 |

Sales revenues - geographical breakdown

| Sales revenues | 01.01.2019 - 31.12.2019 | 01.01.2018 - 31.12.2018 |
|--------------------------------|----------------------------|----------------------------|
| Domestic | 734,923 | 630,811 |
| Foreign | 183,082 | 180,788 |
| Sales revenues in total | 918,005 | 811,599 |

In 2019, the Company continued to develop online sales in European markets. The retail sales of OPONEO.PL S.A. were conducted, in addition to Poland, in 10 different European countries. The sales of the Company 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 | -158,365 | -134,799 |
| Administrative expenses | -9,251 | -7,608 |
| Operating costs in total | -167,616 | -142,407 |

| Structure of prime costs | 01.01.2019 - 31.12.2019 | 01.01.2018 - 31.12.2018 |
|----------------------------------|----------------------------|----------------------------|
| Amortisation and/or depreciation | -12,555 | -5,112 |
| Material and energy consumption | -3,063 | -3,317 |
| External services | -72,322 | -64,571 |
| Taxes and fees | -1,441 | -274 |
| Personnel costs | -21,474 | -17,498 |
| Other operating costs | -56,761 | -51,635 |
| Operating costs in total | -167,616 | -142,407 |

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 company 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 company'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 Company's expansion and changes in salaries resulting from the situation on the labour market had an impact on the increase in employee costs in OPONEO.PL SA 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 | 21 | 0 |
| Release of receivable write-downs | 127 | 104 |
| Recognised claims | 2,032 | 532 |
| Disclosure of goods | 358 | 614 |
| Other | 442 | 743 |
| Operating revenues in total | 3,001 | 2,009 |

| Other operating expenses | 01.01.2019 - 31.12.2019 | 01.01.2018 - 31.12.2018 |
|--|----------------------------|----------------------------|
| Write-downs of receivables | -194 | -403 |
| Write-downs on financial assets | -365 | 0 |
| Settlement of sales of assets | 0 | -119 |
| Settlement of commercial goods | -165 | -506 |
| Claims | -2,984 | -2,686 |
| Liquidation of investment into design work | 0 | -141 |
| Other | -334 | -461 |
| Other operating costs in total | -4,042 | -4,316 |

4.1.3. Financial revenues and costs

| Financial revenues | 01.01.2019 - 31.12.2019 | 01.01.2018 - 31.12.2018 |
|---|----------------------------|----------------------------|
| Interest rates | 242 | 243 |
| Dividend | 15,489 | 14,614 |
| Profit from the sales of financial assets | 2,418 | 0 |
| Foreign exchange differences | 0 | 0 |
| Other | 0 | 121 |
| Financial revenues in total | 18,149 | 14,978 |

| Financial costs | 01.01.2019 - 31.12.2019 | 01.01.2018 - 31.12.2018 |
|---------------------------------|----------------------------|----------------------------|
| Interest rates | -424 | -230 |
| Foreign exchange differences | -103 | -407 |
| Write-downs | 0 | 0 |
| Lease payments | -447 | -55 |
| Other | 0 | -31 |
| Financial costs in total | -974 | -723 |

4.1.4. Income tax

| Current income tax | 01.01.2019 - 31.12.2019 | 01.01.2018 - 31.12.2018 |
|--|----------------------------|----------------------------|
| Current tax expenses | -5,933 | -3,301 |
| Deferred tax derived to profit or loss | -197 | -1,583 |
| - deferred tax arising during the year | -2,716 | -2,821 |
| - reversal of earlier write-downs | 2,519 | 1,238 |
| Income tax in total | -6,130 | -4,884 |

The main component creating deferred tax are discount corrections for the fiscal year 2019, which are settled according to their date of issue or receipt in 2020.

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 | 23,136 | 21,716 |
| Non-tax-deductible expenses: | 27,569 | 19,988 |
| amortisation and/or depreciation | 7,034 | 1,855 |
| exchange differences arising on calculation | 513 | 309 |
| cost of licence from affiliates | 18,545 | 16,749 |
| provision settlement | 24 | 207 |
| creation of provisions and write-downs | 194 | 403 |
| other KNKUP [<i>non-tax-deductible expenses</i>] | 1,258 | 436 |
| budget interests | 1 | 29 |
| Non-taxable income: | -17,856 | -16,591 |
| subsidies | -21 | -16 |
| exchange differences arising on calculation | -560 | 0 |
| provision settlement | 0 | -17 |
| dividend received | -15,479 | -14,614 |
| other non-taxable income | -1,770 | -1,944 |
| accrued interest | -26 | 0 |
| Discount corrections received/settled in the 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 |
| Non-balance sheet tax revenue | 0 | 61 |
| Leasing instalments | -5,650 | -225 |
| Other tax/off-balance-sheet costs | 0 | 0 |
| Taxable Income | 26,888 | 17,376 |
| Other adjustments - capital gains | -2,419 | 0 |
| Capital gain tax | 1,284 | |
| Tax base | 24,469 | 17,376 |
| Income tax | 5,933 | 3,301 |

4.1.6. Current tax assets and liabilities

| Tax liabilities | 2019-12-31 | 2018-12-31 |
|----------------------------|------------|------------|
| Payable income tax | 982 | 212 |
| Income tax in total | 982 | 212 |

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 | 17,006 | 16,832 |
| Weighted average number of ordinary shares (in pcs) | 13,936,000 | 13,936,000 |
| Profit (loss) per share - from continuing operations | 1.22 | 1.21 |

The profit generated by the Company 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 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 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. SEPARATE 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 Company 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 Company did not find any premises indicating a need to revalue its fixed assets. The value of tangible and intangible assets was determined as the net amount which results from the accounting record.

Tangible fixed assets 01.01.2019-31.12.2019

| Tangible fixed assets | Land | Buildings and facilities | Machinery and equipment | Means of transport | Other | Fixed assets under construction and advances | Total |
|--|--------------|--------------------------|-------------------------|--------------------|---------------|--|----------------|
| Gross value | | | | | | | |
| As at 01.01.2019 | 5,490 | 50,312 | 6,893 | 3,229 | 16,176 | 89 | 82,189 |
| Increases | 0 | 18,597 | 1,660 | 1,755 | 2,346 | 6,761 | 31,119 |
| Reductions | 0 | 0 | -41 | 0 | 0 | -3,079 | -3,120 |
| As at 31.12.2019 | 5,490 | 68,909 | 8,512 | 4,984 | 18,522 | 3,771 | 110,188 |
| Depreciation | | | | | | | |
| As at 01.01.2019 | 0 | -3,530 | -4,019 | -1,508 | -7,534 | 0 | -16,591 |
| Increases | 0 | -6,681 | -2,341 | -301 | -2,157 | | -11,480 |
| Reductions | 0 | 0 | 41 | | 0 | | 41 |
| As at 31.12.2019 | 0 | -10,211 | -6,319 | -1,809 | -9,691 | 0 | -28,030 |
| Net fixed assets – As at 31.12.2019 | 5,490 | 58,698 | 2,193 | 3,175 | 8,831 | 3,771 | 82,158 |

Tangible fixed assets 01.01.2018-31.12.2018

| Tangible fixed assets | Land | Buildings and facilities | Machinery and equipment | Means of transport | Other | Fixed assets under construction and advances | Total |
|--|--------------|--------------------------|-------------------------|--------------------|---------------|--|----------------|
| Gross value | | | | | | | |
| As at 01.01.2018 | 5,282 | 16,588 | 6,050 | 3,246 | 10,367 | 26,693 | 68,226 |
| Increases | 208 | 34,284 | 1,070 | 62 | 5,809 | 10,163 | 51,596 |
| Reductions | 0 | -560 | -227 | -79 | 0 | -36,767 | -37,633 |
| As at 31.12.2018 | 5,490 | 50,312 | 6,893 | 3,229 | 16,176 | 89 | 82,189 |
| Depreciation | | | | | | | |
| As at 01.01.2018 | 0 | -3,268 | -3,420 | -1,147 | -5,767 | 0 | -13,602 |
| Increases | 0 | -473 | -801 | -440 | -1,767 | 0 | -3,481 |
| Reductions | 0 | 211 | 202 | 79 | | 0 | 492 |
| As at 31.12.2018 | 0 | -3,530 | -4,019 | -1,508 | -7,534 | 0 | -16,591 |
| Net fixed assets - as at 31.12.2018 | 5,490 | 46,782 | 2,874 | 1,721 | 8,642 | 89 | 65,598 |

| Ownership structure of fixed assets | 2019-12-31 | 2018-12-31 |
|-------------------------------------|---------------|---------------|
| Own | 68,222 | 64,678 |
| 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 | 82,158 | 65,598 |

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 | 0 | 40,671 | 11,995 | 52,666 |
| Increases | 0 | 510 | 1,095 | 1,605 |
| Reductions | 0 | -1,597 | -510 | -2,107 |
| As at 31.12.2019 | 0 | 39,584 | 12,580 | 52,164 |
| Amortisation | | | | |
| As at 01.01.2019 | 0 | -31,503 | 0 | -31,503 |
| Increases | 0 | -1,939 | 0 | -1,939 |
| Reductions | 0 | 1,597 | 0 | 1,597 |
| As at 31.12.2019 | 0 | -31,845 | 0 | -31,845 |
| Net value – as at 31.12.2019 | 0 | 7,739 | 12,580 | 20,319 |

Intangible assets used by the Company are connected with the Entity's core activity. At the balance sheet date, the Company 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.

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 | 0 | 40,405 | 9,791 | 50,196 |
| Increases | 0 | 266 | 2,256 | 2,522 |
| Reductions | 0 | 0 | -52 | -52 |
| As at 31.12.2018 | 0 | 40,671 | 11,995 | 52,666 |
| Amortisation | | | | |
| As at 01.01.2018 | | -29,871 | 0 | -29,871 |
| Increases | 0 | -1,632 | 0 | -1,632 |
| Reductions | 0 | 0 | 0 | 0 |
| As at 31.12.2018 | 0 | -31,503 | 0 | -31,503 |
| Net value – as at 31.12.2018 | 0 | 9,168 | 11,995 | 21,163 |

4.2.3. Research and development

In 2019, the Company 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 the Company's 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 an analysis 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 | 11,995 | 9,791 |
| Costs incurred over the period | 1,040 | 2,256 |
| Adopted to use | -455 | 0 |
| Negative development | 0 | -52 |
| Year-end balance | 12,580 | 11,995 |

4.2.4. Long-term financial assets

| Structure of long-term financial assets | Domestic | Date of acquisition of shares | Number of shares held | Book value of shares as at 31.12.2019 | Fair value as at 31.12.2019 |
|--|----------------|-------------------------------|-----------------------|---------------------------------------|-----------------------------|
| Opony.pl Sp. z o.o. | Poland | 02.2010 | 100.00% | 14,571 | 14,571 |
| OPONEO Brandhouse Sp. z o.o. | Poland | 12.2011 | 100.00% | 28,573 | 28,573 |
| Hurtopon.pl Sp. z o.o. | Poland | 12.2013 | 100.00% | 1,465 | 1,465 |
| Eximo Project Sp. z o.o. | Poland | 10.2010 | 10.00% | 1 | 1 |
| Oponeo.de GmbH | Germany | 10.2012 | 100.00% | 106 | 106 |
| OPONEO.CO.UK LTD | United Kingdom | 04.2013 | 100.00% | 1 | 1 |
| OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi | Turkey | 08.2012 | 99.00% | 548 | 548 |
| Oponeo Brandhouse Inwestycje S.K.A. | Poland | 08.2013 | 100.00% | 4,786 | 4,786 |
| OPONEO.com INC | USA | 04.2015 | 100.00% | 487 | 487 |
| Dadelo SA | Poland | 09.2017 | 63.24% | 14,415 | 14,415 |
| Long-term assets in total | | | | 64,953 | 64,953 |

As at the balance sheet date, the stocks and shares in related entities and other entities were disclosed by the Company in the financial statements. The Company made an impairment write-down of the asset in the amount of PLN 365 thousand relating to OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi based on the analysis of the entity's turnover and results for previous years. As at 31 December 2019, the assets in other subsidiaries were evaluated according to their purchase price, which the Entity recognised as their fair value as at the balance sheet date.

4.2.5. Long-term investments

| Long-term investments | 2019-12-31 | 2018-12-31 |
|--|------------|------------|
| As at the beginning of the period | 75 | 77 |
| of which interest | 0 | 0 |
| Interest accrued | 11 | 0 |
| Settlements in the period | -2 | -2 |
| of which interest | 0 | 0 |
| As at the end of the period | 84 | 75 |
| of which interest | 0 | 0 |

The long-term investments disclosed in the statements relate to loans granted by the Company to selected employees in periods preceding the reporting period and accrued interest from the loans. No new long-term loans were given to employees during the reporting period. The amount presented as at 31 December 2019 covers loans with interest including the established provision.

4.2.6. 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 | 1,271 | 1,695 |
| Increases | 312 | 238 |
| Reductions | -556 | -662 |
| As at the end of the period | 1,027 | 1,271 |
| Deferred tax provision | | |
| As at the beginning of the period | 8,595 | 7,437 |
| Increases | 2,765 | 2,705 |
| Reductions | -2,812 | -1,547 |
| As at the end of the period | 8,548 | 8,595 |

The deferred tax disclosed in the current financial statements of the Company had been calculated from the temporary differences arising from the provision for unused holidays as at 31 December 2019 and from discount adjustments included in the balance sheet with tax settlements in the next year. The deferred tax was not calculated from provisions for accounts receivable due to their non-tax character.

4.2.7. Inventories

The inventories disclosed by the Company in the statement of financial position, as at 31 December 2019, relate to inventories of commercial goods. No 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 Company to sell goods with a negative margin.

| Stocks of goods | 2019-12-31 | 2018-12-31 |
|-----------------------------|---------------|---------------|
| Passenger car tyres | 73,810 | 54,721 |
| Truck tyres | 23 | 64 |
| Motorcycle tyres | 500 | 628 |
| Wheels and accessories | 13,947 | 12,766 |
| Other accessories | 96 | 172 |
| Inventories in total | 88,376 | 68,351 |

4.2.8. Classification of financial instruments – financial assets

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 | | | | | | | Total |
|---|---|----------|----------|----------|----------|----------|----------------|----------------|
| | AZK | AWGW-W | AWGW-O | IKWGP | AFWGP | IZ | Outside IFRS 9 | |
| Financial assets | | | | | | | | |
| Fixed assets | | | | | | | | |
| Loans and receivables | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 84 |
| Financial derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 64,953 | 64,953 |
| Current assets | | | | | | | | 0 |
| Trade receivables and other receivables | 42,206 | 0 | 0 | 0 | 0 | 0 | 0 | 42,206 |
| Loans | 218 | 0 | 0 | 0 | 0 | 0 | 0 | 218 |
| 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 | 0 | 68,291 | 68,291 |
| Total | 42,508 | 0 | 0 | 0 | 0 | 0 | 133,244 | 175,752 |

| 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 | | | | | | | | |
| Loans and receivables | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 75 |
| Financial derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 67,830 | 67,830 |
| Current assets | | | | | | | | 0 |
| Trade receivables and other receivables | 37,535 | 0 | 0 | 0 | 0 | 0 | 0 | 37,535 |
| 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 | 0 | 60,552 | 60,552 |
| In total | 37,610 | 0 | 0 | 0 | 0 | 0 | 128,382 | 165,992 |

The value of financial liabilities, presented in the separate 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 (Outside IFRS9).

| 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 | 150,790 | 0 | 0 | 0 | 0 | 0 | 0 | 150,790 |
| Credits, loans other debt instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial derivatives | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other obligations | 6,008 | 0 | 0 | 0 | 0 | 0 | 0 | 6,008 |
| Total | 165,831 | 0 | 0 | 0 | 0 | 0 | 0 | 165,831 |

| 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 | 118,847 | 0 | 0 | 0 | 0 | 0 | 0 | 118,847 |
| 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 |
| Total | 119,241 | 0 | 0 | 0 | 0 | 0 | 0 | 119,241 |

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 Company had no financial instruments measured at fair value.

Reclassification

Both in 2019 and in the previous periods, the Company 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 Company 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 Company does not present financial assets and liabilities in net amounts, which meet the requirements of offsetting specified in IAS 32.

4.2.9. Trade and other receivables

| Trade receivables and other receivables | 2019-12-31 | 2018-12-31 |
|---|---------------|---------------|
| Trade and other receivables - related entities | 4,471 | 1,551 |
| Trade and other receivables - other entities | 36,004 | 34,491 |
| including pre-payments | 7,448 | 7,663 |
| A write-down on trade receivables | -334 | -403 |
| Tax receivables | 2,063 | 1,883 |
| Other receivables | 2 | 13 |
| Trade receivables and other receivables in total | 42,206 | 37,535 |

Write-downs of receivables

| 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 |

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 were made in the amount of PLN 194 thousand.

| Trade and other receivables | 2019-12-31 | 2018-12-31 |
|-----------------------------|------------|------------|
| Performing | 39,184 | 27,863 |
| Non-performing | 957 | 7,776 |
| up to 1 month | 252 | 4,889 |
| from 1 to 6 months | 238 | 2,169 |
| from 6 months to 1 year | 139 | 451 |
| over 1 year | 328 | 267 |
| In total | 40,141 | 35,639 |

4.2.10. Short-term investment

| Short-term investment | 2019-12-31 | 2018-12-31 |
|------------------------------------|------------|------------|
| As at the beginning of the period | 0 | 2,068 |
| Loans granted | 203 | 5,500 |
| Interest accrued | 15 | 92 |
| Repayments | 0 | -7,660 |
| Changes in presentation | 0 | 0 |
| As at the end of the period | 218 | 0 |

4.2.11. Accruals

| Accruals | 2019-12-31 | 2018-12-31 |
|----------------------------------|--------------|--------------|
| Settlement of subsidies | 326 | 334 |
| Other | 3,746 | 5,437 |
| Accrued expenses in total | 4,072 | 5,771 |
| including short-term | 1,693 | 1,699 |
| including long-term | 2,379 | 4,072 |

The accruals presented in the assets of the Company'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).

4.2.12. Cash and cash equivalents

The cash of OPONEO.PL S.A., amounting to PLN 68,291,000, guaranteed the financing of its day-to-day operations without the need to launch an existing credit line.

| Cash and cash equivalents | 2019-12-31 | 2018-12-31 |
|---------------------------|------------|------------|
| Cash in hand | 9 | 15 |
| Cash at bank | 14,296 | 11,147 |

| | | |
|--------------|---------------|---------------|
| Deposits | 49,143 | 44,795 |
| Other | 4,843 | 4,595 |
| Total | 68,291 | 60,552 |

The bank deposits are set up for various periods ranging from one day to several weeks, depending on the Company'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.

| | As at 2019-01-01 | Cash flows | Non-cash changes | | | | | As at 2019-12-31 |
|--|---------------------|---------------|------------------|----------------------------|------------------------------|---------------------------|----------------------------|---------------------|
| | | | Acquisition | Calculation of interest | Exchange- rate changes | New lease contracts | Change in fair value | |
| Short-term bank loans | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Long-term bank loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 394 | -5,637 | 0 | 0 | -130 | 20,414 | 0 | 15,041 |
| Interest liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Underlying assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 394 | -5,637 | 0 | 0 | -130 | 20,414 | 0 | 15,041 |
| Cash and cash equivalents (excluding credit lines) | 60,552 | 7,667 | 0 | 0 | 72 | 0 | 0 | 68,291 |
| Credit lines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 60,552 | 7,667 | 0 | 0 | 72 | 0 | 0 | 68,291 |

| | As at 2018-01-01 | Cash flows | Non-cash changes | | | | | As at 2018-12-31 |
|-----------------------|---------------------|------------|------------------|----------------------------|------------------------------|---------------------------|----------------------------|---------------------|
| | | | Acquisition | Calculation of interest | Exchange- rate changes | New lease contracts | Change in fair value | |
| Short-term bank loans | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Long-term bank loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 619 | -225 | 0 | 0 | 0 | 0 | 0 | 394 |
| Interest liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Underlying assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|--|---------------|---------------|----------|----------|------------|----------|----------|---------------|
| Total | 619 | -225 | 0 | 0 | 0 | 0 | 0 | 394 |
| Cash and cash equivalents (excluding credit lines) | 67,894 | -7,280 | 0 | 0 | -62 | 0 | 0 | 60,552 |
| Credit lines | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 67,894 | -7,280 | 0 | 0 | -62 | 0 | 0 | 60,552 |

Currency structure of cash (in PLN)

| Cash and cash equivalents - currency structure | 2019-12-31 | 2018-12-31 |
|--|---------------|---------------|
| PLN | 51,941 | 47,502 |
| EUR | 15,145 | 8,519 |
| GBP | 319 | 3,241 |
| USD | 62 | 137 |
| TRY | 0 | 0 |
| HUF | 80 | 17 |
| CZK | 744 | 1,136 |
| Total | 68,291 | 60,552 |

4.2.13. Share capital

The share capital of the Company, 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 the Parent 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 |
| Total | 13,936,000 | 100.00 |

4.2.14. Supplementary and reserve capital

Supplementary capital

The Company 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 | 96,341 | 85,086 |
| The sale of treasury shares | 24,257 | 24,257 |
| Treasury shares | 0 | 0 |
| Total | 158,083 | 146,828 |

The increase in the value of the capital from the distribution of profit in 2019 results from the recognition of the result for 2018 in the amount of PLN 11,255,000.

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 years, the Company created reserve capital, from its supplementary capital, for repurchase of own shares. Reserve capital was not created in 2019.

4.2.15. Financial liabilities

OPONEO.PL S.A. has the possibility to use the multipurpose credit line taken from the BNP Paribas S.A. Bank. The limit resulting from this line amounts to 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.

As of 31 December 2019, the Company did not use the multipurpose credit line. As at the end of the previous settling period, that is at 31 December 2018, the credit line also had been unused.

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 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 31.12.2020

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

4.2.16. Trade liabilities and other payables

| Trade liabilities and other payables | 2019-12-31 | 2018-12-31 |
|---|----------------|----------------|
| Trade and other receivables - related entities | 6,176 | 7,112 |
| Trade and other receivables | 85,543 | 79,636 |
| Advances received | 2,131 | 1,818 |
| Bill of exchange liabilities | 36,800 | 30,281 |
| Liabilities due to other taxes, fees and social benefits | 19,029 | 10,941 |
| Payroll liabilities | 1,099 | 13 |
| Other liabilities | 12 | 6 |
| Short-term trade payables and other liabilities in total | 150,790 | 129,807 |

The trade liabilities and other payables also include income tax liabilities which are included in the Statement of financial position in a separate item.

The increase in liabilities also results from the development of the business by increasing the purchase of foreign services, especially freight forwarding and warehousing services.

Obligations under a promissory note determined by the Company concern payments in commercial transactions. They result from the deferred payment for the supplier for goods purchased by the Company. 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.

| Trade and other receivables | 2019-12-31 | 2018-12-31 |
|-----------------------------------|----------------|----------------|
| Performing | 130,108 | 114,590 |
| Non-performing | 542 | 4,257 |
| up to 1 month | 91 | 2,939 |
| from 1 to 6 months | 159 | 992 |
| from 6 months to 1 year | 221 | 18 |
| over 1 year | 71 | 308 |
| Trade liabilities in total | 130,650 | 118,847 |

4.2.17. Other financial liabilities

As at 31 December 2019, the company has operating lease agreements on cars, concluded on 07 June 2018 and recognised as financial lease.

Since 01 January 2019, OPONEO.PL 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 Company concluded 11 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 | |
|-----------------------------------|------------------------|------------|---------------------------------|------------|
| | 2019-12-31 | 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 |

4.2.18. Short-term provisions

| Short-term provisions | 2019-12-31 | 2018-12-31 |
|---------------------------------------|------------|------------|
| Provisions for untaken leave | 486 | 462 |
| Provisions for liabilities | 0 | 0 |
| Short-term provisions in total | 486 | 462 |

In the statement of financial position, as at 31 December 2019, the Company presents short-term provisions covering employee benefits provisions.

| 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 |

5. OTHER INFORMATION

5.1. ERROR CORRECTION

The Company OPONEO.PL S.A. did not make any correction of an accounting error for the years preceding the reporting period from 1 January 2019 to 31 December 2019.

5.2. CONTINGENT LIABILITIES

Contingent financial liabilities are described in section 4.2.15.

5.3. OBJECTIVES AND PRINCIPLES OF MANAGING FINANCIAL RISK

Financial risk

Elements that affect operations of OPONEO PL S.A.;

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

| | 2019-12-31 | | 2018-12-31 | |
|-----|------------|-------------|------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| EUR | 19,565 | 38,097 | 13,227 | 19,148 |
| GBP | 2,234 | 2,814 | 3,257 | 2,974 |
| USD | 6,897 | 1,783 | 8,903 | 1,887 |
| CZK | 784 | 43 | 1,164 | 152 |
| HUF | 85 | 6 | 18 | 52 |

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

| | 2019-12-31 | | 2019-12-31 | | 2019-12-31 | |
|-----|------------|-------------|----------------------------------|-------------|----------------------------------|-------------|
| | Current | | Increase of exchange rate by 15% | | Decrease of exchange rate by 15% | |
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| EUR | 19,565 | 38,097 | 22,500 | 43,812 | 16,631 | 32,383 |
| GBP | 2,234 | 2,814 | 2,569 | 3,236 | 1,899 | 2,392 |
| USD | 6,897 | 1,783 | 7,932 | 2,050 | 5,863 | 1,515 |
| CZK | 784 | 43 | 909 | 50 | 666 | 37 |
| HUF | 85 | 6 | 98 | 6 | 72 | 5 |

- Interest rate risk - OPONEO.PL S.A. uses variable rate credit lines; therefore, increases in official interest rates may pose a risk of increased financing costs, considering that the Company rarely uses the available credit lines, OPONEO.PL S.A. does not apply 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 down payments and cash on delivery. If customers are granted commercial credit, they are subject to verification. In addition, trade receivables are insured at KUKE SA.
- Liquidity risk – The Company 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 Company 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 | 133,716 | 2,942 | 8,916 | 117 |
| financial liabilities | 130,650 | 0 | 0 | 0 |
| lease liabilities | 3,066 | 2,942 | 8,916 | 117 |
| bank loans | 0 | 0 | 0 | 0 |
| bonds issued | 0 | 0 | 0 | 0 |
| Derivatives | 0 | 0 | 0 | 0 |
| options | 0 | 0 | 0 | 0 |
| Total | 133,716 | 2,942 | 8,916 | 117 |

5.4. COURT PROCEEDINGS

In the period covered by this report, OPONEO.PL S.A. 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 Company, the value of which individually or collectively represents at least 10% of the capital of OPONEO.PL S.A.

5.5. TRANSACTIONS WITH RELATED ENTITIES

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

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 | 24,906 |
| Loan granted | 6,203 | 5,500 |
| Dividend received | 15,489 | 14,614 |

| 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 |
| Oponeo Brandhouse S.K.A. | 0 | 0 | 0 | 0 |
| Dadelo SA | 0 | 939 | 15 | 1,119 |
| 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 |
| Stratos Car Dariusz Topolewski | 2,000 | 0 | 1,500 | 8 |
| Escrita Monika Siarkowska | 130 | 0 | 109 | 0 |
| 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 |
| Oponeo Brandhouse S.K.A. | 0 | 0 | 0 | 0 |
| Dadelo SA | 51 | 23 | 60 | 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 |
| Stratos Car Dariusz Topolewski | 0 | 0 | 4 | 0 |
| Escrita Monika Siarkowska | 0 | 12 | 0 | 15 |
| Other related entities in total | 8 | 48 | 16 | 51 |

| The value of settlements with related entities at the balance sheet date | 2019-12-31 | 2018-12-31 |
|--|------------|------------|
| Receivables | 4,471 | 1,551 |
| Liabilities | 6,176 | 7,112 |
| Loan granted | 218 | 0 |
| Other obligations | 30 | 30 |

5.6. EMPLOYMENT AND EMPLOYEE BENEFITS

| Employment structure | Employment in total | Sales Department | IT Department | Warehouse | Administration |
|----------------------|---------------------|------------------|---------------|-----------|----------------|
| As at 01.01.2019 | 323 | 161 | 54 | 47 | 61 |
| As at 31.12.2019 | 359 | 180 | 60 | 50 | 69 |

5.7. 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 |
| Maciej Karpusiewicz | 282 | 31 | 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 | 6 | 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 |

5.8. AUDIT FIRM'S REMUNERATION

| 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 |

| | | |
|-------|----|----|
| Total | 75 | 65 |
|-------|----|----|

In the period from 1 January to 31 December 2019, the amount of gross remuneration paid to the auditor firm 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.

5.9. 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 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.

5.10. STATEMENT OF THE MANAGEMENT BOARD

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

The separate 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 OPONEO.PL S.A. and its financial performance. The yearly separate statements of the Management Board's operation include a true picture of the development and achievements as well as situation of OPONEO.PL S.A., including a description of the main risks and threats. The Company 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 separate financial statements are free from material errors and omissions, and settlements concerning tax were made in accordance with the applicable provisions for which appropriate supervisory bodies have not reported any objections.

In the separate financial statements of OPONEO.PL S.A., 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 separate 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, and no need to cut their prices was indicated. In the separate 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 pending against the entity, 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.

No penalty rates payable to contractors in connection with past due payment of liabilities were recognised in the accounting books as 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 have disclosed to the auditor/auditing team all events that occurred after the balance sheet date, and that may affect the opinion on the audited financial statements and the assessment of the financial position of OPONEO.PL S.A.

As at 31 December 2019, OPONEO.PL S.A. has no open financial instruments, in particular: futures, forward contracts, option contracts, swaps; other than those disclosed in the financial statements 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 separate 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 separate financial statements were approved for publication on 31 March 2020.

APPROVAL FOR PUBLICATION

The separate 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 and 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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