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

2018

March 28, 2019

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Amounts in PLN thousand

1. GENERAL INFORMATION

1.1. INFORMATION ABOUT OPONEO.PL S.A.

The parent company of the OPONEO.PL Capital Group ("OPONEO.PL Group", "Group") is OPONEO.PL S.A. („parent", „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. No.*]	953-24-57-650
KRS no. [*National Court Register No.*]	0000275601
Registry court	District Court in Bydgoszcz, XIII Commercial Division of the National Court Register
Duration	The duration of operations of the individual units of the OPONEO.PL Group is unspecified

The main scope of business of OPONEO.PL S.A. is the 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 introduction to the Polish market of a service which combines connects delivery of tyres with their servicing. Currently, this service is offered at over 1 129 service points.

The company offers tyres for:

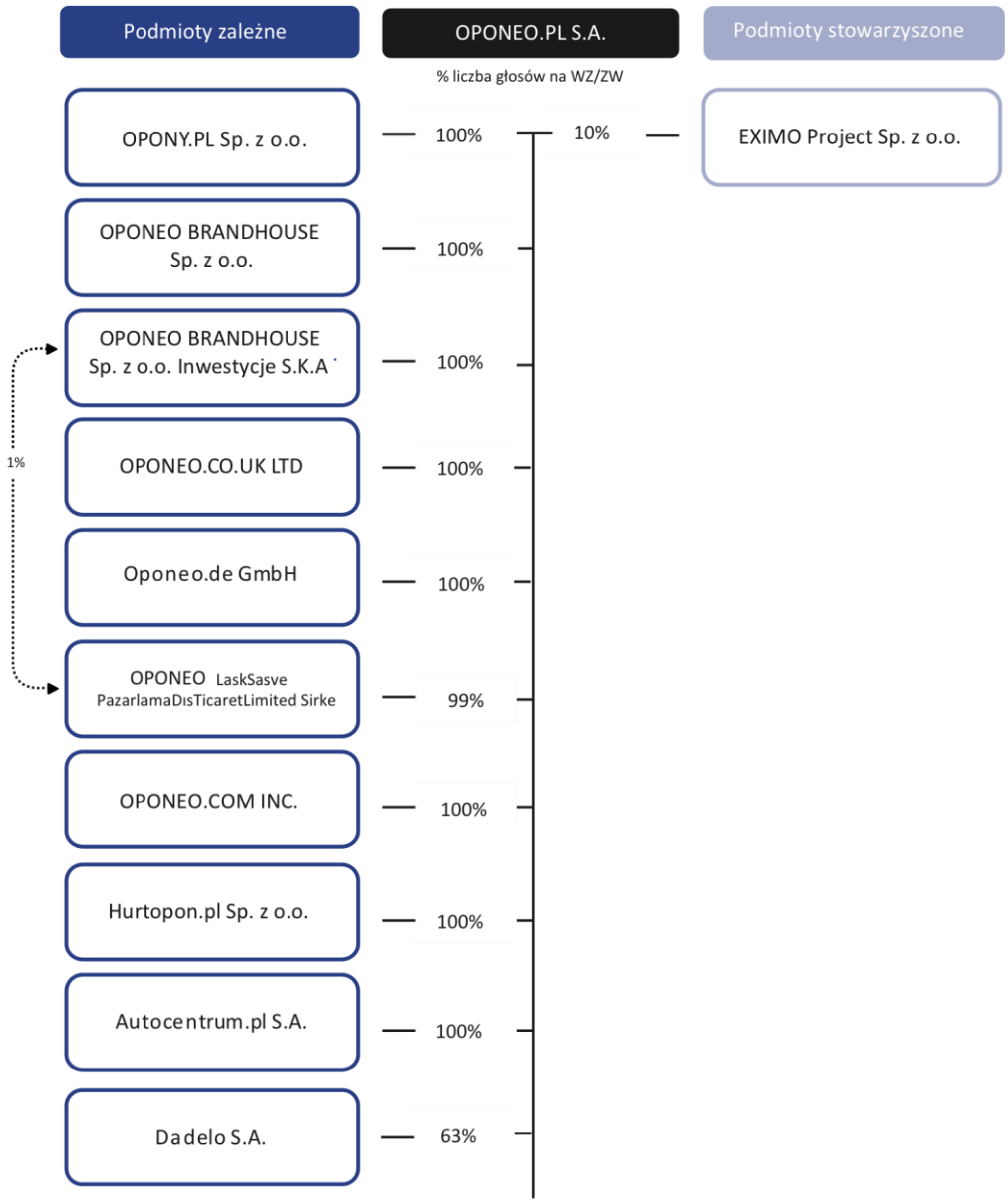
- passenger cars,
- light commercial vehicles,
- four-wheel drive vehicles (4x4),
- trucks,
- motorcycles,
- quads.

The offer includes more than 65 700 tyres, with 4 500 models from 218 manufacturers. Due 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 is present on 10 different European markets, i.e. in Austria, Belgium, Czech Republic, France, Spain, Holland, Ireland, Slovakia, Hungary and Italy.

1.2. INFORMATION ABOUT THE OPONEO.PL CAPITAL GROUP

On 31 December 2018, the composition of the OPONEO.PL Group was as follows:



No changes in the structure of the OPONEO.PL group occurred in 2018;

Amounts in PLN thousand

2. SEPARATE FINANCIAL STATEMENTS

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

	Note	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Sales revenues	4.1.1	811,599	695,478
Cost of sales		-659,424	-568,508
gross profit (loss)		**152,175**	**126,970**
Selling costs	4.1.2	-134,799	-117,356
Administrative expenses	4.1.2	-7,608	-5,428
Other operating revenues	4.1.2	2,009	4,350
Other operating expenses	4.1.2	-4,316	-5,874
Operating income (loss)		**7,461**	**2,662**
Financial incomes	4.1.3	14,978	15,802
Financial costs	4.1.3	-723	-153
Profit from evaluation of financial assets at fair value through financial result.		0	0
Gross profit (loss)		**21,716**	**18,311**
Income tax	4.1.4	-4,884	-1,599
Net profit (loss)	4.1.7	16,832	16,712
Other comprehensive income		0	0
Effects of the valuation of financial assets available for sale		0	0
Hedge accounting		0	0
Actuarial gains and losses		0	0
Income tax on other comprehensive income		0	0
Comprehensive income in total		**16,832**	**16,712**

Earnings per share	In PLN 1000	
	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Profit (loss) per ordinary share	1.21	1.20
Diluted profit (loss) per ordinary share	1.21	1.20
Accounting value per one share	12.74	11.89
Diluted accounting value per one share	**12.74**	**11.89**

Amounts in PLN thousand

2.2. SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	2018-12-31	2017-12-31
	Note	2018-12-31	2017-12-31
Fixed assets			
Tangible fixed assets	4.2.1	65,598	54,624
Intangible fixed assets	4.2.2	21,163	20,325
Long-term financial assets	4.2.4	67,830	67,830
Investments accounted using the equity method		0	0
Long-term investments	4.2.5	75	77
Long-term accruals		0	0
Deferred tax assets	4.2.6	1,271	1,695
Fixed assets in total		**155,937**	**144,551**
Current assets			
Inventories	4.2.7	68,351	52,112
Trade and other receivables	4.2.9	37,535	27,512
Income tax receivables	4.2.9	0	123
Short-term accruals	4.2.11	248	674
Short-term financial assets	4.2.10	0	2,068
Cash and cash equivalents	4.2.12	60,552	67,894
Current assets in total		**166,686**	**150,383**
Assets in total		**322,623**	**294,934**

Amounts in PLN thousand

Liabilities

	Note	2018-12-31	2017-12-31
Equity			
Share capital	4.2.13	13,936	13,936
Supplementary capital	4.2.14	146,828	134,992
Reserve capital		0	0
Profit (loss) from previous years		-2	0
Net profit (loss)		16,832	16,712
Equity attributable to minority shareholders			0
Equity attributable to shareholders of the parent company		177,594	165,640
Equity in total		**177,594**	**165,640**
Long-term liabilities			
Long-term financial liabilities		0	206
Deferred tax liabilities	4.2.7	8,595	7,437
Long-term accruals	4.2.11	4,072	5,712
Long-term liabilities in total		**12,667**	**13,355**
Short-term liabilities			
Trade liabilities and other payables	4.2.16	129,595	113,016
Short-term financial liabilities	4.2.17	394	763
Income tax liabilities	4.2.16	212	0
Short-term provisions	4.2.19	462	479
Short-term accruals	4.2.11	1,699	1,681
Short-term liabilities in total		**132,362**	**115,939**
Equity and liabilities in total		**322,623**	**294,934**

Amounts in PLN thousand

2.3. SEPARATE CASH FLOW STATEMENT

	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Cash flows from operating activities		
Net profit (loss)	16,832	16,712
Adjustments in total	-18,362	-4,455
Amortisation and/or depreciation	5,112	4,461
Share in units accounted for using the equity method	0	0
Profits (losses) attributable to minority shareholders	0	0
Profits (losses) due to foreign exchange differences	0	0
Interest and share in profits (dividends)	-14,614	-11,832
Profit (loss) on investing activities	119	-3,010
Change in provisions	1,565	182
Change in inventories	-16,239	-19,918
Change in receivables	-10,023	493
Change in trade payables and other liabilities	16,578	26,369
Change in accruals	-1,196	-1,143
Change in income tax status	336	-57
Other adjustments	0	0
Net cash flows from operating activities in total	**-1,530**	**12,257**
Cash flows from investing activities		
Disposal of intangible and tangible fixed assets	103	4,142
Disposal of investments in real property and intangible assets	0	0
Disposal of financial assets	0	0
Withdrawals from dividends and shares in profits	14,614	11,832
Repayment of long-term loans	2	18
Repayment of interest relating to investment activities	0	0
Other incomes from financial assets	0	0
Other investment inflows	7,500	1,000
Acquisition of intangible and tangible fixed assets	-7,639	-11,801
Investments in real estate and other intangible fixed assets	-9,789	-25,182
Acquisition of financial assets	0	-4,000
Long-term loans	0	0
Other investment expenditures	-5,500	-2,000
Net cash flows from investing activities in total	**-709**	**-25,991**
Cash flows from financial activities		

Net incomes from issue of shares and other equity instruments and capital contributions	0	0
Deposits and loans received	29,467	15,635
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	-4,878	-2,788
Profit distribution liabilities other than profit distribution payments to owners	0	0
Repayment of deposits and loans	-29,467	-15,635
Redemption of debt securities	0	0
Expenses on other financial liabilities	0	0
Payments under financial lease agreements	-225	-696
Interest rates paid	0	0
Other financial expenses	0	0
Net cash flows from financial activities in total	**-5,103**	**-3,484**
Net cash flows in total	-7,342	-17,218
Change in cash due to foreign exchange differences		
Cash opening balance	67,894	85,112
Closing balance of cash	**60,552**	**67,894**

Amounts in PLN thousand

2.4. SEPARATE STATEMENT OF CHANGES IN EQUITY

Period 01.01.2018-31.12.2018

Statement 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	**0**	0	0	0	0	-2	**-2**
Net profit (loss) for the period	**16,712**	-11,836	0	0	-4,876	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**

Period 01.01.2017-31.12.2017

Statement of changes in equity for the period 01.01.2017-31.12.2017	As at 01.01.2017	Equity infusions	Share issue	Treasury shares repurchase	Dividend	Result for the period	As at 12.31.2017
Share capital	**13,936**	**0**	**0**	**0**	**0**	**0**	**13,936**
Reserve capital	**0**	0	0	0	0	0	**0**
Supplementary capital	**121,891**	13,101	0	0	0	0	**134,992**
Treasury shares	**0**	0	0	0	0	0	**0**
Retained earnings	**15,889**	-13,101	0	0	-2,788	0	**0**
Net profit (loss) for the period	**0**	0	0	0	0	16,712	**16,712**
Equity attributable to the company's shareholders	**151,716**	**0**	**0**	**0**	**-2,788**	**16,712**	**165,640**
Equity in total	**151,716**	**0**	**0**	**0**	**-2,788**	**16,712**	**165,640**

3. THE BASIS FOR PREPARATION OF FINANCIAL STATEMENT

3.1. THE BASIS FOR PREPARATION OF FINANCIAL STATEMENT

3.1.1. Statement of conformity to IFRS

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

The company OPONEO.PL S.A. has prepared these separate financial statements as at 30 December 2018 and for the period from 1 January to 31 December 2018, in accordance with the International Financial Reporting Standards no. 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 its interpretations, which were adopted and published to the period during which the statements were prepared.

3.2. DETAILED ACCOUNTING POLICY RULES

3.2.1. Business continuity

The 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. Operational 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

The Company activates borrowing costs if they are directly related to the acquisition or construction of fixed assets. 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. Non-deferred external financing costs are directly attributable to the financial result.

3.2.4. Tangible fixed assets

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

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

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

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

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

- machinery and equipment from 3 to 10 years,
- means of transport from 5 to 10 years,
- other tangible assets from 5 to 12 years.

3.2.5. 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 recognized 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:

1) the product or production technology is strictly defined and the related research and development expense are reliably estimated,

2) 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,

3) 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 in which they generate cash flows independently of other assets or groups of assets (so-called cash-generating units). Asset items which 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 recognized in other operating expenses in the statement of comprehensive income.

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

Self-produced intangible assets - development costs are recognized 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 depreciation, 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 17. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership of the leased asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incident to ownership of the leased asset.

On the commencement date of a finance lease, the asset item and liability for future lease payments are recognized in the balance sheet at amounts equal to the fair value of the leased asset, 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.

Depreciation methods for assets being a subject to finance lease agreements are consistent with the principles used 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 valued 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 define measurement principles at the balance sheet date and the recognition of gains or losses from measurement in 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, which functions 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 to 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 IAS 9.

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

Financial liabilities

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

- credits, loans other debt instruments,
- financial leasing,
- trade liabilities and other payables and
- financial derivatives.

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

Upon initial recognition, financial liabilities are measured at amortised cost using 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 statement 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 recognized 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 construction by the Entity of fixed assets or intangible fixed assets, are recognized in the statement of financial position as accruals and are recognized in the income statement on a systematic basis over the expected useful lives of those assets. Other subsidies are recognized 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 in excess of 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 formed in accordance with the Commercial Company 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 recognized.

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 unused holidays,
- other long-term employee benefits, to which the Company qualifies also the retirement benefits.

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

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

3.2.13. Other provisions, contingent liabilities and contingent assets

A provision is recognized, when the Company has an obligation under past events, padding 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 recognized 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 recognized in the balance sheet as provisions for liabilities.

The possible inflows of economic benefits for the Company that do not yet qualify for recognition as assets are contingent assets that are not recognized 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

The loans and interest-bearing loans 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 credit or a loan.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method, including impairment. Interest income is recognized 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 that part of other titles, which 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 paid.

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 statement.

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 in accordance with other regulations they do not increase own 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 recognized 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 recognized 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 in the statement of comprehensive income includes current and deferred tax. The income tax is recognized in profit or loss, except for amounts related to items settled directly with equity. In such case, it is recognized in equity.

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

Deferred tax provision is created against all taxable positive temporary differences, whilst deferred tax asset is recognised to the level at which it is probable that future tax profits will be deductible by recognised negative temporary differences. The deferred tax assets or liabilities are not derecognised if the temporary difference arises from goodwill or from initial recognition (other than situation where a business combination is recognized) of another asset or liability in a transaction that 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.

The 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 laws that are legally or actually applicable at the balance sheet date. The measurement 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 preparation of the financial statement.

The assets and liabilities for deferred tax are compensated in the event of a right to offset 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

Errors are material if they could, by their size or nature, individually or collectively, influence the economic decisions of users taken on the basis of the financial statement. 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. A comparable data ought to be transformed, except the situation, where this is unenforceable for practical reasons. The conversion of comparable data 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

The changes in accounting policies should only be made where changes in accounting standards have been applied, and where changes are made in the Company to ensure better presentation of 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 statement is Polish zloty (PLN). Amounts are quoted in PLN thousands, unless otherwise indicated.

The transactions in a currency other than functional currency are carried 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 that date. The foreign exchange differences on cash items are recognized in the result of the period in which they arise.

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

Amounts in PLN thousand

Exchange rates	31.12.2018 Table no. 252/NBP/2018	31.12.2017 Table no. 251/NBP/2017
EUR	4.3000	4.1709
GBP	47895	4.7001
USD	3.7597	3.4813
CZK	0.1673	0.1632
HUF	0.0134	0.0134
TRY	0.7108	0.9235

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. AUDIT OF FINANCIAL STATEMENTS

Presentation of a statement of financial position

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

The presentation of the statement of profit or loss and other comprehensive income

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

Profit per one 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.

3.6. 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.

3.7. CHANGES IN THE ACCOUNTING RULES

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 2018;

- **IFRS 15 "Revenue from contracts with customers"** - effective for annual periods beginning on or after January 1, 2018. It applies to all agreements with customers and leads to recognition of revenues in manner which reflects provision of goods and services to customers in the amount of received remuneration. The Company claims that, due to mainly retailing of products, the change has no impact on presentation of its financial statements.
- **Explanatory notes to FRS 15 "Revenue from Contracts with Customers"**
- **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 has no significant impact on the value of assets, profit or loss and value of financial instruments.
- **Amendments for IFRS 2 "Share-based Payment"** - the amendments cover the effects of vesting/non-vesting conditions on cash-settled share-based payments, share-based payments functioning as net settlements with tax liabilities and modification of share-based payment terms, which lead to the change in classification of transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.
- **Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"** – amendments regarding disclosure approved by the EU and applicable to annual periods beginning on or after January 1, 2017 or when adopting IFRS 9 "Financial instruments". The change of standard has no impact on Company's statements, as the Company has no income from insurance activities.
- **Amendments to IAS 40 "Investment Property"** – Transfer of investment property. The standard was amended to clarify that an entity needs to change way a property is used to be able to transfer it to, or from, the investment property. The amendments are effective for annual periods beginning on or after January 1, 2018.
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - clarifies that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The interpretation is effective for annual periods beginning on or after January 1, 2018.
- Annual improvements project 2014-2016

  - **Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"** - concerns deletion of short-term exemptions specified in paragraphs E3–E7 of

IFRS 1 because they concerned the past reporting periods and have served their intended purpose.

- **Amendments to IFRS 12 "Disclosure of Interests in Other Entities"** - the amendment clarifies the scope of the IFRS 12 standard, by specifying that the disclosure requirements in the standard apply to an entity's interests classified as held for sale, as held for distribution or as discontinued operations.

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - the changes clarify that the decision to measure an investment in an associate or joint venture at fair value through profit or loss (and not using the equity method), which can be made by venture capital organisations, or other qualifying entities (e.g. mutual funds, trust funds), is made individually for each investment upon initial recognition.

Standards and interpretations which are not valid for reporting periods ending on December 21, 2018 and are approved after January 1, 2019.

- **IFRS 16 "Leases"** – published in January 2016 and is effective for annual periods beginning on January 1, 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. The Entity currently tries to verify how the change is going to affect financial statement but, in consideration of significant changes and the necessity to analyse lease and rental agreements, it is not yet able to assess the impact of changes on the financial statement.
- **Amendments to IFRS 9 "Financial instruments"** - the amendments modify the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The amendments are effective for annual periods beginning on or after January 1, 2019.
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** - the interpretation specifies the way of determining a tax item for accounting purposes, when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019.
- **Amendments to IAS 28 "Investments in Associates"** - measurement of long-term investments.
- **Amendments to IAS 19 "Employee Benefits"** - changes to a defined benefit pension plan.
- **Annual improvements project 2015-2017**
  - **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 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.

Standards and interpretations adopted by the IASB, not approved for use in the EU;

- **Amendments to IFRS 3 "Business Combinations" -** definition of a business
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - changes regarding measurement of long-term investments
- **Amendments to various IAS standards - 2015-2017 cycle**

- **Amendments to IFRS 3 "Business Combinations"** - on measurement of interest in a joint operation at the moment of obtaining control,

- **Amendments to IFRS 11 "Joint Arrangements"** - no remeasurement of joint operations when taking joint control,

- **Amendments to IAS 12 "Income taxes"** - recognition of tax consequences resulting from dividends,

- **Amendments to IAS 23 "Borrowing costs"** - on 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,

- **IFRS "Insurance Contracts"** - the standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts,
- **Amendments to IAS 19 "Employee Benefits"** - changes to a defined benefit pension plan,
- **Amendments do IAS 1 and IAS 8** – definition of "material"

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

Application of the standard or interpretation before its effective date.

No standard or interpretation has been adopted by the Company early in these financial statements.

Amounts in PLN thousand

4. EXPLANATORY NOTES TO EACH ITEM OF THE FINANCIAL STATEMENT

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

4.1.1. Sales revenues

Sales revenues	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Revenues from sales of goods	799,285	681,083
Other sales revenues	12,314	14,395
Revenues in total	**811,599**	**695,478**

The sales revenues generated in 2018 are in 100% of revenues from continuing 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	01.01.2018 31.12.2018	01.01.2017 31.12.2017
Sale of passenger car tyres	745,802	634,710
Sale of wheels	32,428	27,931
Sale of motorcycle tyres	18,650	15,601
Sale of truck tyres	1,284	1,565
Sale of other goods	1,121	1,276
Sale of goods in total	**799,285**	**681,083**

Sales revenues - geographical breakdown

Sales revenues	01.01.2018 31.12.2018	01.01.2017 - 31.12.2017
Domestic	630,811	530,610
Foreign	180,788	164,868
Sales revenues in total	**811,599**	**695,478**

In 2018, the Company continued to develop online sales in European markets. The retail sales of OPONEO.PL S.A. were conducted in 12 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 2018.

Amounts in PLN thousand

4.1.2. Operating income and costs

Operating costs in total	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Selling costs	-134,799	-117,356
Administrative expenses	-7,608	-5,428
Operating costs in total	**-142,407**	**-122,784**

Structure of costs by type	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Amortisation and/or depreciation	-5,112	-4,461
Material and energy consumption	-3,317	-2,409
External services	-64,571	-51,056
Taxes and fees	-274	-177
Personnel costs	-17,498	-14,751
Other operational costs	-51,635	-49,930
Operating costs in total	**-142,407**	**-122,784**

Other operating revenues	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Settlement of grants received	16	72
Settlement of sales of assets	0	3,011
Other	1,993	1,267
Operating revenues in total	**2,009**	**4,350**

Other operating expenses	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Write-downs of receivables	-403	-323
Inventory write-downs	0	0
Settlement of sales of assets	-119	0
Settlement of commercial goods	-506	-1,931
Claims	-2,686	-1,743
Liquidation of investment into design work	-141	0
Other	-461	-1,877
Other operating costs in total	**-4,316**	**-5,874**

Amounts in PLN thousand

4.1.3. Financial revenues and costs

Financial incomes	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Interest rates	243	302
Dividend	14,614	11,832
Profit from the sales of financial assets	0	0
Received bonuses and discounts	0	3,392
Foreign exchange differences	0	274
Other	121	2
Financial revenues in total	**14,978**	**15,802**

Financial costs	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Interest rates	-230	-101
Foreign exchange differences	-407	0
Write-downs,	0	0
Lease payments	-55	-36
Other	-31	-16
Financial costs in total	**-723**	**-153**

4.1.4. Income tax

Current income tax	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Current tax expenses	3,301	1,538
Deferred tax derived to profit or loss	1,583	61
- deferred tax arising during the year	2,821	625
- reversal of earlier write-downs	-1,238	-564
Income tax in total	**4,884**	**1,599**

The main component creating deferred tax are discount corrections for the fiscal year 2018, which are settled according to their date of issue or receipt in 2019.

4.1.5. Reconciliation between accounting result and tax result

Reconciliation between accounting result and tax result	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Gross profit/loss	21,716	18,311
Non-tax-deductible expenses:	**19,988**	**3,712**
Amortisation and/or depreciation	1,855	1,583

Amounts in PLN thousand

exchange differences arising on calculation	309	1,034
cost of licence from affiliates	16,749	0
provision settlement	207	122
creation of provisions and write-downs	403	323
other KNKUP [non-tax-deductible expenses]	436	640
budget interests	29	10
Non-taxable income:	**-16,591**	**-12,082**
subsidies	-16	-72
exchange differences arising on calculation	0	0
provision settlement	-17	-111
dividend received	-14,614	-11,832
other non-taxable income	-1,944	0
Accrued interest	0	-67
Discount corrections received/settled in the period	-7,479	-1,652
Balance-sheet adjustments recognised in the previous period 2017.	-1,795	1,795
Cost of balance-sheet adjustments recognised in the previous period	1,500	-1,500
Balance-sheet adjustments recognised in the next period 2018	2,007	0
Cost of balance-sheet adjustments recognised in the next period	-1,701	0
Purchase of domain	0	-54
Single amortisation	-105	0
Off-balance-sheet income	61	2,237
Leasing instalments	-225	-696
Other tax/off-balance-sheet costs	0	-39
Taxable Income	17,376	10,032
Other adjustments - loss settlement	0	-1,939
Tax base	17,376	8,093
Income tax	**3,301**	**1,538**

4.1.6. Current tax assets and liabilities

Current tax	2018-12-31	2017-12-31
Overpayment of current income tax	0	123
Tax assets in total	**0**	**123**

Tax liabilities	2018-12-31	2017-12-31
Payable income tax	212	0
Income tax in total	**212**	**0**

Amounts in PLN thousand

4.1.7. Earnings per share

Earnings per share	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Earning for the period attributable to shareholders of the parent entity	16,832	16,712
Weighted average number of ordinary shares (in pcs)	13,936,000	13,936,000
Profit (loss) per share - from continuing operations	**1.21**	**1.20**

The profit generated by the Company in 2018 (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 2018, the number of ordinary shares was unchanged throughout the period, i.e. from January 1, 2016 to December 31, 2018 it was 13,936,000.

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 assets in the period from 1 January 2018 to 31 December 2018 resulted from the investment expenditures on expansion of the company's registered office. The investment was commissioned in the 4th quarter of 2018. As at 31 December 2018, there were no write-downs on fixed assets.

Tangible fixed assets 01.01.2018-31.12.2018

Tangible fixed assets	Land	Buildings and facilities	Machines and equipment	Means of transport	Other	Fixed asset under construction and advances	**In 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

Amounts in PLN thousand

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**

Tangible fixed assets 01.01.2017-31.12.2017

Tangible fixed assets	Land	Buildings and facilities	Machines and equipment	Means of transport	Other	Fixed asset under construction and advances	**In total**
Gross value							
As at 01.01.2017	**3,625**	**16,332**	**3,649**	**1,575**	**7,238**	**757**	**33,176**
Increases	1,657	256	2,406	2,850	3,129	34,978	45,276
Reductions	0	0	-5	-1,179	0	-9,042	-10,226
As at 31.12.2017	**5,282**	**16,588**	**6,050**	**3,246**	**10,367**	**26,693**	**68,226**
Depreciation							
As at 01.01.2017	**0**	**-2,810**	**-2,919**	**-865**	**-4,531**	**0**	**-11,125**
Increases	0	-458	-506	-331	-1,236		-2,531
Reductions	0	0	5	49	0		54
As at 31.12.2017	**0**	**-3,268**	**-3,420**	**-1,147**	**-5,767**	**0**	**-13,602**
Net fixed assets - as at 31.12.2017	**5,282**	**13,320**	**2,630**	**2,099**	**4,600**	**26,693**	**54,624**

Ownership structure of fixed assets	2018-12-31	2017-12-31
Own	**64,678**	**53,441**
Used based on the lease contract	**920**	**1,183**
- financial lease contract - passenger cars	**920**	**1,183**
Total of fixed assets	**65,598**	**54,624**

4.2.2. Intangible assets

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

Amounts in PLN thousand

As at 31.12.2018	**0**	**40,671**	**11,995**	**52,666**
Depreciation	0			
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**

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 2018.

Intangible assets 01.01.2017-31.12.2017

Intangible assets	Goodwill	Copyright, licensing and other	Expenditures for uncompleted intangible assets	In total
Gross value				
As at 01.01.2017	**0**	**40,346**	**7,940**	**48,286**
Increases	0	59	2,018	2,077
Reductions	0	0	-167	-167
As at 31.12.2017	**0**	**40,405**	**9,791**	**50,196**
Depreciation				
As at 01.01.2017	**0**	**-27,941**	**0**	**-27,941**
Increases	0	-1,930	0	-1,930
Reductions	0	0	0	0
As at 31.12.2017	**0**	**-29,871**	**0**	**-29,871**
Net value – as at 31.12.2017	**0**	**10,534**	**9,791**	**20,325**

4.2.3. Research and development

In 2018, the Company continued to carry out online shopping projects for 14 foreign markets, as well as for shops selling tyres and automotive accessories on the Polish market. The expenditures on projects are classified by the Group 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.

Amounts in PLN thousand

Expenditures on intangible assets	2018-12-31	2017-12-31
At the beginning of the period	9,791	7,940
Costs incurred over the period	2,256	2,018
Adopted for use	0	0
Negative development	-52	-167
As at the end of the period	11,995	9,791
Expenditures on other intangible assets	266	59
Expenditures in total	**12,261**	**9,850**

4.2.4. Long-term financial assets

Structure of long-term financial assets	Domestic	Data if subscription of shares	Size of the holding	Book value of shares as at 21.12.2018
Opony.pl Sp. z o.o.	Poland	02.2010	100.00%	14,571
OPONEO Brandhouse Sp. z o.o.	Poland	12.2011	100.00%	28,573
Autocentrum.pl S.A.	Poland	09.2016	100.00%	6,908
Hurtopon.pl Sp. z o.o.	Poland	12.2013	100.00%	1,465
Eximo Project Sp. z o.o.	Poland	10.2010	10.00%	1
Oponeo.de GmbH	Germany	10.2012	100.00%	106
OPONEO.CO.UK LTD	United Kingdom	04.2013	100.00%	1
OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi	Turkey	08.2012	99.00%	913
Oponeo Brandhouse Inwestycje S.K.A.	Poland	08.2013	100.00%	4,786
OPONEO.com.INC	USA	04.2015	100.00%	468
Dadelo S.A.	Poland	09.2017	63.24%	10,038
Long-term assets in total				**67,830**

As at the balance sheet date, the stocks and shares in related entities and other entities were disclosed by the Company in the financial statement. As at 31 December 2018, shares in subsidiaries have been valued at the purchase price.

In the previous reporting period, the Company commissioned an independent entity to perform tests of loss of value of companies valued at acquisition costs. The tests were carried out based on forecasted cash flows in the period from 1 January 2018 to 31 December 2022. Conclusions drawn from the analyses indicated no loss of value. Therefore, no share and asset write-downs occurred as at the balance sheet date.

Amounts in PLN thousand

4.2.5. Long-term investments

Long-term investments	2018-12-31	2017-12-31
As at the beginning of the period	**77**	**148**
Of which interest	0	50
Interest accrued	0	0
Settlements in the period	-2	-71
Of which interest	0	-50
Balance at the end of period	**75**	**77**
Of which interest	0	0

The indicated long-term investments are related with loans given by the Company to some 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 2018 covers loans with interest including the established provision.

4.2.6. Deferred tax

Deferred tax	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Deferred tax assets		
As at the beginning of the period	1,695	1,580
Increases	238	945
Reductions	-662	-830
Balance at the end of period	**1,271**	**1,695**
Deferred tax provision		
As at the beginning of the period	7,437	7,264
Increases	2,705	1,534
Reductions	-1,547	-1,361
Balance at the end of period	**8,595**	**7,437**

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 2018 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 2018, relate to inventories of commercial goods. No write-downs of inventories of commercial goods were made in 2018. 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. No changes in the market prices which could result in negative margin are identified.

Amounts in PLN thousand

Stocks of goods	2018-12-31	2017-12-31
Passenger car tyres	54,721	41,097
Truck tyres	64	60
Motorcycle tyres	628	345
Wheels and accessories	12,766	10,350
Other accessories	172	260
Inventories in total	**68,351**	**52,112**

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 2018, 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 (Outside IFRS9).

Balance sheet items	Classes of financial instruments 2018-12-31							
	AZK	AWGW-W	AWGW-O	IKWGP	AFWGP	IZ	Outside IFRS9	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 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

Amounts in PLN thousand

In total	**37,610**	**0**	**0**	**0**	**0**	**0**	**128,382**	**165,992**

Balance sheet items	Classes of financial instruments 2017-12-31							
	AZK	AWGW-W	AWGW-O	IKWGP	AFWGP	IZ	Outside IFRS9	Total
Financial assets								
Fixed assets								
Loans and receivables	77	0	0	0	0	0	0	77
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 and other receivables	27,635	0	0	0	0	0	0	27,635
Loans	2,068	0	0	0	0	0	0	2,068
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	67,894	67,894
In total	**29,780**	**0**	**0**	**0**	**0**	**0**	**135,724**	**165,504**

The value of financial liabilities, presented in the consolidated statement of financial position as at 31 December 2018, 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 2018-12-31							
	ZZK	ZWGW-W	ZWGW-O	UGF	WZP	IZ	Outside IFRS9	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 liabilities	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 liabilities	394	0	0	0	0	0	0	394
In total	**119,241**	**0**	**0**	**0**	**0**	**0**	**0**	**119,241**

Balance sheet items	Classes of financial instruments 2017-12-31							
	ZZK	ZWGW-W	ZWGW-O	UGF	WZP	IZ	Outside IFRS9	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 liabilities	206	0	0	0	0	0	0	206
Short-term liabilities								0
Trade liabilities and other payables	101,579	0	0	0	0	0	0	101,579
Credits, loans other debt instruments	0	0	0	0	0	0	0	0
Financial derivatives		0	0	0	0	0	0	0
Other liabilities	763	0	0	0	0	0	0	763
In total	**102,548**	**0**	**0**	**0**	**0**	**0**	**0**	**102,548**

Classification of financial instruments using a fair value hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 2018 and in the comparative period, the Company had no financial instruments measured at fair value.

Amounts in PLN thousand

Reclassification

Both in 2018 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 2018, 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 and other receivables	2018-12-31	2017-12-31
Trade and other receivables - related entities	1,551	3,659
Trade and other receivables - other entities	34,491	24,167
including pre-payments	7,663	1,042
A write-down on trade receivables	-403	-323
Tax receivables	1,883	123
Other receivables	13	9
Trade receivables and other receivables in total	**37,535**	**27,635**

Write-downs of receivables

Write-downs of receivables	2018-12-31	2017-12-31
At the beginning of the period	323	200
Increases	371	323
Reductions	-291	-200
Balance at the end of period	**403**	**323**

The provisions for doubtful receivables are based on an analysis of their collectability. The recognized impairment losses are the difference between the carrying amount of such trade receivables and the present value of the expected receipts. In 2018, write-downs of receivables due by over 365 were made in the total amount of 371,000 PLN. The company has no hedging against the following amounts.

Trade and other receivables	2018-12-31	2017-12-31
Performing	27,863	17,818
Past-due receivables	7,776	9,685
up to 1 month	4,889	5,338
from 1 to 6 months	2,169	3,846
from 6 months to 1 year	451	211

Amounts in PLN thousand

over 1 year	267	290
In total	35,639	27,503

4.2.10. Short-term investments

Short-term investments	2018-12-31	2017-12-31
At the beginning of the period	2,068	1,000
Granted loans	5,500	6,000
Interest accrued	92	142
Repayments	-7,660	-1,074
Changes in presentation	0	-4,000
Balance at the end of period	**0**	**2,068**

The Company had no short-term investments for the period ending on 31 December 2018.

4.2.11. Accruals

Accruals	2018-12-31	2017-12-31
Settlement of subsidies	**334**	**284**
Other	**5,437**	**7,109**
Total accruals	**5,771**	**7,393**
including short-term	1,699	1,681
including long-term	4,072	5,712
Short-term prepaid expenses	**248**	**674**

The accruals presented in the assets of the Company's Financial Statements, as at 31 December 2018, represent non-life insurance costs for the future reporting period.

In accordance with SIC 15, prepayments which are presented in liabilities, as at 31st of December 2018, 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 60,552,000, guaranteed the financing of its day-to-day operations without the need to launch an existing credit line.

Cash and cash equivalents	2018-12-31	2017-12-31
Cash in hand	15	1
Cash at bank	11,147	6,109
Deposits	44,795	57,128
Other	4,595	4,656
In total	**60,552**	**67,894**

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 2018, the item other cash covers the amount of PLN 4,581,000 resulting from electronic payments and the amount of PLN 14,000 constituting cash in transit.

Amounts in PLN thousand

	As at 01.01.2018	Cash flows	Non-cash changes					As at 2018-12-31
			Purchase	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
In 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	2018-12-31	2017-12-31
PLN	47,502	50,922
EUR	8,519	8,773
GBP	3,241	6,524
USD	137	189
TRY	0	0
HUF	17	58
CZK	1,136	1,428
In total	**60,552**	**67,894**

4.2.13. Share capital

The share capital of the Company, as at 31 December 2018, 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

Amounts in PLN thousand

1,260,000 ordinary bearer shares of series C, nominal PLN 1.00 each. The share capital is fully paid-in.

The structure of shareholders holding at least 5% of the total number of votes of the Parent as at 31 December 2018.

Shareholder	2018-12-31	
	Number of shares	Share in the share capital and in the number of votes at the general meeting in%
Ryszard Zawieruszyński	3,283,097	23.56
Dariusz Topolewski	3,001,592	21.54
Rockbridge TFI S.A.	2,108,503	15.13
Generali PTE S.A.	1,282,645	9.20
AEGON OFE	1,155,000	8.29
Other	3,105,163	22.28
In total	**13,936,000**	**100.00**

4.2.14. 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	2018-12-31	2017-12-31
Surplus from the sale of shares	26,145	26,145
Share issue	11,340	11,340
Capital from the distribution of profits	85,086	73,250
The sale of treasury shares	24,257	24,257
Treasury shares	0	0
In total	**146,828**	**134,992**

The increase in value of equity in 2018 resulted from recognition of the financial result for 2017 in the amount of PLN 11,836,000.

Payment of dividend from profit

Dividend	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Amount of dividend paid from profit	4,878	2,788
Amount for shares	**0.35**	**0.20**

Amounts in PLN thousand

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 2018.

Reserve capital	2018-12-31	2017-12-31
Created from supplementary capital	0	0
Purchase of treasury shares	0	0
Settlement of supplementary capital	0	0
Reserve capital	**0**	**0**

4.2.15. Financial liabilities

OPONEO.PL S.A. has the possibility to use the multipurpose credit line taken from the BGŻ BNP Paribas Bank. The credit limit is PLN 65,000,000 The credit term was determined by 11 December 2019. The interest rate on the credit is the WIBOR base rate for one-month deposits plus a margin of 0.9 p.p.

As of 31 December 2018, the Company did not use the multipurpose credit line. As at the end of the previous settling period, that is at 31 December 2017, the credit line also had been unused.

The credit line is secured by the following:

- blank promissory note,
- capped mortgage up to PLN 25,000,000,
- assignment of claims from a property insurance contract in the amount of at least PLN 10 million,
- assignment of claims from a stock insurance contract in the amount of at least PLN 5 million,
- borrower's declaration of submission to Bank's debt enforcement,
- registered pledge on stocks for the amount of PLN 42,5 million,
- transfer of existing and future receivables for all commercial receivables which are payable to the Borrower from all its debtors,

OPONEO.PL S.A. has entered into an agreement to lease storage space with PDC Industrial Center 43 Sp. z o.o., which, in accordance with point 13, obliges 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 contractual guarantee is to be maintained for the entire rental period of the storage facilities.

The first bank guarantee for PDC Industrial Center 43 Sp. z o.o. was issued by BGŻ BNP Paribas in the amount of EUR 215,396.00 on 25 January 2016, until 30 January 2017.

Due to the conclusion of a further agreement with PDC Industrial Center 43 Sp. z o.o for the lease of additional storage space, on 28 December 2016, the bank guarantee issued by BGŻ BNP Paribas was changed to EUR 274,557.39, and the guarantee was valid until 30 January 2018. The new guarantee was issued by BGŻ BNP Paribas in the amount of EUR 289,825.29 on 25 January 2018, and it is valid until 30 January 2019.

Due to the conclusion of a further agreement with ACCOLADE PL IV sp. z o.o. for the lease of additional storage space, on 17 January 2018, the bank guarantee was issued by BGŻ BNP Paribas to EUR 214,552.98. The guarantee is valid until 30 January 2019.

On 18 December 2018, changes constituting continuation of performance guarantee agreements regarding the contract No. GW/000129/17 and GW/000176/16 on guarantee amounts. When concerning the first contract, the value of commitment to pay at the beneficiary's request was established at EUR 214,552.98. The second bank guarantee was issued by BGŻ BNP Paribas to the amount of EUR 289,825.28. The guarantees are valid until 30 January 2020.

Amounts in PLN thousand

During the period covered by this report, the Company continues two 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 collateral is blank bills of exchange without protest issued by the Company.

4.2.16. Trade liabilities and other payables

Trade liabilities and other payables	2018-12-31	2017-12-31
Trade and other receivables - related entities	7,112	5,626
Trade liabilities	79,636	77,892
Advances received	1,818	1,463
bill of exchange liabilities	30,281	16,598
Liabilities due to other taxes, fees and social benefits	10,941	11,437
Payroll liabilities	13	0
Other liabilities	6	0
Short-term trade payables and other liabilities in total	**129,807**	**113,016**

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

As at 31 December 2018, the Company has lease agreements concluded with unrelated parties for the period of 6 years. These agreements cover rental of storage spaces together with office and welfare facilities. Net liabilities from these agreements in 2018 reached PLN 3,923,000, whereas in 2017 the amounted to PLN 3,290,000.

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

Bill of exchange liabilities recognised 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 liabilities	2018-12-31	2017-12-31
Performing	114,590	99,789
Past-due receivables	4,257	1,790
up to 1 month	2,939	927
from 1 to 6 months	992	255
from 6 months to 1 year	18	359
over 1 year	308	249

Amounts in PLN thousand

Trade liabilities in total	**118,847**	**101,579**

4.2.17. Other financial liabilities

As at 31 December 2018, the company has operating lease agreements on cars, concluded on 7 June 2017 and recognised as financial lease.

Lease liabilities	Minimum lease payments	
	2018-12-31	2017-12-31
Under one year	394	213
From one to five years	0	406
Over five years	0	0
Lease liabilities in total	**394**	**619**

4.2.18. Short-term provisions

Short-term provisions	2018-12-31	2017-12-31
Provisions for unused holidays	462	479
Provisions for liabilities	0	0
Short-term provisions in total	**462**	**479**

In the statement of financial position, as at 31 December 2018, the Company presents short-term provisions covering employee benefits provisions.

Provisions for unused holidays	2018-12-31	2017-12-31
As at the beginning of the period	**479**	356
Increases	1,911	1,951
Reductions	-1,928	-1,828
Balance at the end of period	**462**	**479**

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 2018 to 31 December 2018.

5.2. Contingent liabilities

The contingent liabilities arising from lines of credit are described in detail in section 4.2.16.

5.3. Objectives and principles of managing financial risk

Financial risk

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

Amounts in PLN thousand

- 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 includes forward hedging transactions in respect of payments and receivables in foreign currency.

	2018-12-31		2017-12-31	
	Assets	Liabilities	Assets	Liabilities
EUR	13,227	19,148	17,884	17,583
GBP	3,257	2,974	8,512	432
USD	8,903	1,887	1,403	374
CZK	1,164	152	1,477	64
HUF	18	52	61	239

In the case of exchange rate fluctuations of 15%, the assets and liabilities for 2018, would be as follows:

	31.12.2018		31.12.2018		31.12.2018	
	Current		Increase in exchange rate by 15%		Decrease of exchange rate by 15%	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
EUR	13,227	19,148	15,211	22,020	11,243	16,276
GBP	3,257	2,974	3,745	3,420	2,768	2,528
USD	8,903	1,887	10,238	2,170	7,568	1,604
CZK	1,164	152	1,338	174	989	128
HUF	18	52	21	60	15	44

- 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 BRU 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, merchant loans). A threat to the Company may be the tightening of lending policy or limiting of the possibility to obtain external financing.

Amounts in PLN thousand

Maturities of financial liabilities in 2019	up to 6 months	from 6 to 12 months	1 to 3 years	more than 3 years
Non-derivative financial liabilities	119,241	0	0	0
financial liabilities	118,847	0	0	0
lease liabilities	394	0	0	0
bank loans	0	0	0	0
bonds issued	0	0	0	0
Derivatives	0	0	0	0
options	0	0	0	0
In total	**119,241**	**0**	**0**	**0**

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 2018, 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 parties

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

The tables show the net values of the transaction.

Related-party transactions	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Sales	66,783	61,188
Purchase	24,906	23,506
Loan granted	5,500	6,000
Dividend received	14,614	11,832

Related parties	01.01.2018-31.12.2018		01.2017-31.12.2017	
	Purchase	Sales	Purchase	Sales
Fully consolidated entities				
Opony.pl Sp. z o.o.	169	18	235	18
Oponeo Brandhouse Sp. z o.o.	21,547	52	19,076	57

Amounts in PLN thousand

Oponeo.de GmbH	0	21,456	0	21,094
OPONEO.CO.UK LTD	0	43,910	0	39,615
OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi	0	86	0	94
Hurtopon.pl Sp. z o.o.	56	18	63	21
OPONEO.com INC	0	0	0	13
Autocentrum.pl SA	0	33	47	33
Oponeo Brandhouse S.K.A.	0	0	0	0
Dadelo S.A.	15	1,119	0	154
Entities covered by full consolidation in total	**21,787**	**66,692**	**19,421**	**61,099**
Other related parties				
Rotopino.pl SA	1	31	0	30
Eximo Project Sp. z o.o.	1,112	52	2,494	50
Stratos Dariusz Topolewski	1,500	8	1,506	9
Escrita Monika Siarkowska	109	0	85	0
Other related parties in total	**2,722**	**91**	**4,085**	**89**

Receivables and payables with related parties

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

Receivables and liabilities of related entities	2018-12-31		2017-12-31	
	Receivable	Liability	Receivable	Liability
Fully consolidated entities				
OPONY.PL Sp. z o.o.	7	102	0	121
Oponeo Brandhouse Sp. z o.o.	390	6,929	0	5,255
Oponeo.de GmbH	916	0	1,361	0
OPONEO.CO.UK LTD	11	0	1,987	0
OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi	82	0	197	0
Hurtopon.pl Sp. z o.o.	15	26	0	0
OPONEO.com INC	47	0	60	0

Amounts in PLN thousand

Autocentrum.pl SA	7	4	3	0
Oponeo Brandhouse S.K.A.	0	0	0	0
Dadelo S.A.	60	0	38	0
Entities covered by full consolidation in total	**1,535**	**7,061**	**3,646**	**5,376**
Other related parties				
Rotopino.pl SA	3	0	6	0
Eximo Project Sp. z o.o.	9	36	5	240
Stratos Dariusz Topolewski	4	0	2	0
Escrita Monika Siarkowska	0	15	0	10
Other related parties in total	**16**	**51**	**13**	**250**

The value of settlements with related parties at the balance sheet date	31.12.2018	31.12.2017
Receivables	1,551	3,659
Liabilities	7,112	5,626
Loan granted	0	2,068

Amounts in PLN thousand

5.6. Employment and employee benefits

Employment structure	Employment in total	Sales Department	IT Department	Warehouse	Administration
As at 01.01.2018	251	129	41	25	56
Employment	124	68	23	23	10
Dismissal	52	36	10	1	5
As at 31.12.2018	323	161	54	47	61

5.7. Remuneration of persons managing and supervising the company

Board Member	01.01.2018-31.12.2018		01.01.2017-31.12.2017	
	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	26	0	26
Andrzej Reysowski	156	0	248	13
Michał Butkiewicz	307	30	307	35
Michał Karpusiewicz	307	30	307	35
Wojciech Topolewski	274	51	97	31
Ernest Pujszo	274	51	124	49

Member of the Supervisory Board	01.01.2018-31.12.2018		01.01.2017-31.12.2017	
	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
Ryszard Zawieruszyski	0	0	3	0
Wojciech Topolewski	0	0	1	44
Lucjan Ciaciuch	5	0	6	0
Paweł Sznajder	3	0	2	0
Monika Siarkowska	5	0	5	0
Tomasz Gaszyński	0	0	5	0
Michał Kobus	4	0	1	0
Wojciech Małachowski	4	0	6	0

Amounts in PLN thousand

5.8. Audit firm's remuneration

Remuneration of the entity authorized to audit financial statements	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Audit of annual financial statements and consolidated financial statements	40	50
Other certifying services, including a review of the financial statements and consolidated financial statements	25	0
Tax advisory services	0	0
Other services (annual audit of subsidiaries' financial statements)	0	0
In total	**65**	**50**

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 thousand net.

In the period from 1 January to 31 December 2017, the amount of gross remuneration paid to the auditor firm for the audit and review of financial statements and other related services was PLN 50,000 net.

5.9. Significant events after the balance sheet date

After the end of the reporting period, the Company acquired shares of the company Dadelo S.A., holding 100% stake in the entity.

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.

The constituent, registered and statutory documents submitted to the statutory auditor / auditing team are valid as at the date of commencement of audit of the financial statement.

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 did not report 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 had made available to the auditor / auditing team the list of court cases in which our Company was involved in, the ones that are pending against, and the ones in the process of preparing for the 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 had disclosed to the statutory auditor / auditing team any events that occurred after the balance sheet date that may had influenced the opinion of the audited financial statement and the assessment of the financial position of OPONEO.PL S.A.

As at 31 December 2018, OPONEO.PL S.A. has no open financial instruments, in particular: futures, forward contracts, option contracts, swaps; other than those disclosed in the financial statement as at 31 December 2018 2018.

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 2018, 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 28 March 2019.

APPROVAL FOR PUBLICATION

The separate financial statements were approved for publication by the Management Board of OPONEO.PL S.A. on 28 March 2019. 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

Board Member

Maciej Karpusiewicz

Board Member

Ernest Pujszo

Board Member

Wojciech Topolewski

Board Member

Signature of the person entrusted with bookkeeping:

Małgorzata Nowicka

Chief Accountant

Bydgoszcz, 28 March 2019

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