

A collage of four images related to Oponeo: an Oponeo store building, a large warehouse filled with tires on metal racks, a screenshot of the Oponeo website showing tire products like Fulda Ecocontrol HP, Uniroyal Rainsport 3, and Pirelli Cinturato Verde, and a financial candlestick chart with a table of stock prices on the left.

oponeo

# Report of the Management Board on Operations in 2018

28.03.2019

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## LETTER FROM THE PRESIDENT OF THE BOARD

”

...The comparison of the data points to a clear strengthening of the position of OPONEO.PL in the domestic tyre market.



*Dear Sir/Madam,*

In 2018, we generated revenues in the amount of PLN 842,956 thousand, that is 19% more than in the previous year, selling 3.3 million tyres. This proves that the last year was another one in which we experienced dynamic growth of the OPONEO.PL Group.

Domestic sales amounted to PLN 660,351 thousand, an increase of 18.6% year-on-year. In 2018, sales on foreign markets represented close to 22 percent of total turnover and amounted to PLN 182,605,000.

In comparison to the year 2017, the increase in sales of tyres reached 17.9%. Our company's historical record in sales of tyres was primarily driven by the results achieved on the domestic market. We sold 2,685.8 thousand tyres in Poland, which means an increase of 19.5% compared to 2017. For comparison, sales of tyres for passenger cars, SUVs and light commercial vehicles in 2018 reached 11,504.7 thousand and dropped by 1.4%. The comparison of the data points to a clear strengthening of the position of OPONEO.PL in the domestic tyre market. On foreign markets, we achieved sales at the level of 595.6 thousand tyres, constituting an increase of 11% when compared to the previous year. We also recorded increase in sales of wheels – by 8.2%.

Such good results in sales of tyres are, among other things, the effect of high quality of our services and a very extensive assortment base of tyre products. In 2018, the Group's offer on all markets included about 65.7 thousand tyres, with 4.5 thousand models from 218 manufacturers. Together with the on-line tyre purchases, we also offer customers the option to book a tyre replacement at one of our service partners, the number of which in 2018 reached 1,129. In all markets in total, we cooperated with 6.3 thousand tyre fitting stations.

In connection with growth of the OPONEO.PL Group, we expanded the head office of OPONEO.PL S.A by another office building. Bearing in mind that the Company's environment is also impacted by its office activities, for the aforementioned project we implemented effective ecological solutions in the scope of office space management, which also translates into financial benefits.

Moreover, in 2018 we continued the process of expanding our activities by sales of bicycles and bicycle accessories. Our involvement in this segment was effected through the company Dadelo S.A.

The perspective of active growth of the e-commerce segment and also the expected increase in share of e-commerce in the sales of tyres in combination with our know-how, well-qualified personnel, well-developed logistic facilities, advanced and safe IT solutions and, last but not least, stable financial standing assure us that the Group's growth strategy is appropriate. Therefore, in 2019 we will be continuing our efforts aiming at further increase of our share in online sales of tyres and wheels.

We are optimistically looking into the near future, believing that our continual efforts will bring another success and financial results which will be satisfactory to our Shareholders.

I would like to sincerely thank all the employees, customers and contractors, who contributed to the development of the OPONEO.PL Group, and invite you to read the annual report for 2018.

Yours faithfully,

*Dariusz Topolewski*

President of the Management Board

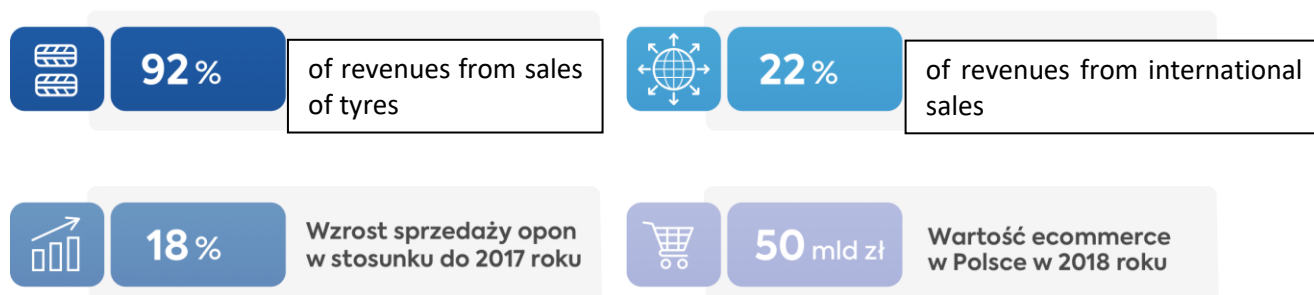


## ABOUT OPONEO.PL GROUP

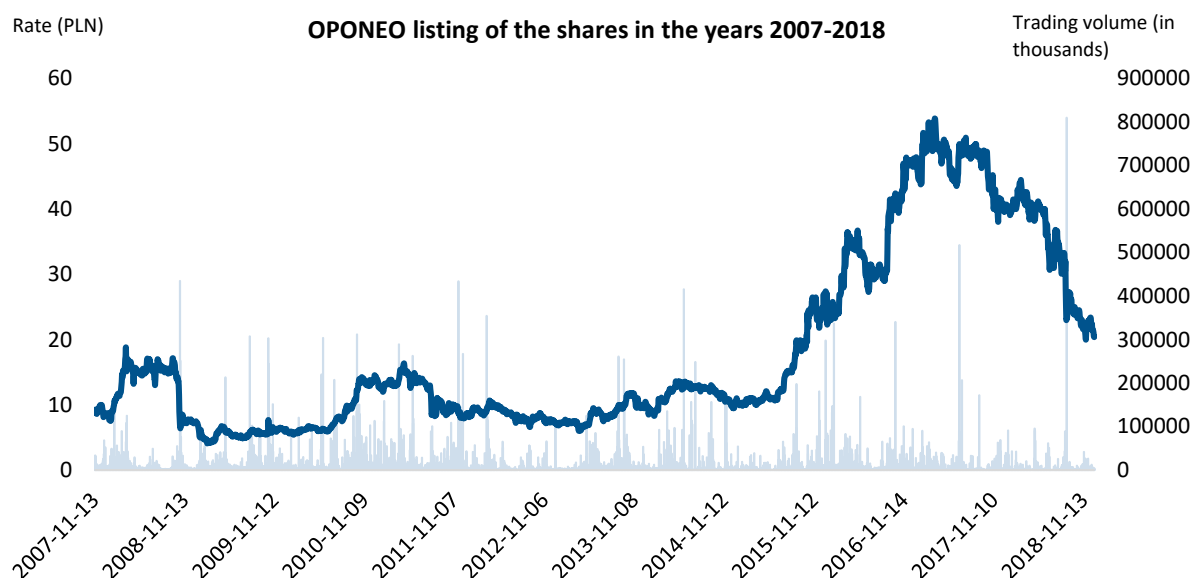
OPONEO.PL Group is the leader in online tyre sales in Poland.  
It is already present in **14** countries around the world.



In 2018, OPONEO.PL Group generated PLN 842,956,000 revenues, a 19% increase compared to the year 2017.



The company debuted on the Warsaw Stock Exchange in 2007, now its capitalisation is PLN 564 million.



The **OPONEO.PL Group** systematically improves its financial results, which translates into regular dividend payments to shareholders.

#### Brief information on the financial results of OPONEO.PL Group, for the years 2007-2017

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues in PLN million	843	708.5	545.8	416.5	322.7	259.1	207.1	171	144.1	85.7	94.3	64.8
Profit/loss on sales in PLN million	161.9	131.4	95.5	72.3	53	39.6	33.6	32	27.7	12.5	5.5	5
Operating result in PLN million	24.4	15.5	23.6	11.2	4.4	4.2	-1.1	6.2	9.4	1.7	6.7	5.1
Gross result in PLN million	24	21.3	26.7	10.9	4.7	3.7	2	10	9.5	2.5	7.5	5.2
Net result in PLN million	16.4	17.5	15.9	10.3	4.2	3.4	1.4	7.5	7.4	1.9	6	4.1
Profit per share in PLN	1.2	1.2	1.14	0.74	0.3	0.24	0.1	0.57	0.59	0.15	0.47	0.33
Declared or paid dividend per one share in PLN	0.35	0.2	0.1	0.05	0.03	0.03	0.2	0	0.01	0	0.1	0

## SELECTED FINANCIAL INFORMATION

Selected financial information for the OPONEO.PL Group	in PLN thousand		in EUR thousand	
	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017
Net revenue from the sale of products, goods and materials	<b>842,956</b>	<b>708,466</b>	<b>197,557</b>	<b>166,906</b>
Profit (loss) from sales	161,905	131,420	37,944	30,961
Operating income (loss)	24,375	15,527	5,713	3,658
Gross profit (loss)	24,011	21,350	5,627	5,030
Net profit (loss)	<b>16,393</b>	<b>17,525</b>	<b>3,842</b>	<b>4,129</b>
Net cash flows from operating activities	10,761	24,444	2,522	5,759
Net cash flows from investing activities	-16,535	-37,823	-3,875	-8,911
Net cash flows from financial activities	-5,172	884	-1,212	208
Net cash flows in total	<b>-10,946</b>	<b>-12,495</b>	<b>-2,565</b>	<b>-2,944</b>
<b>Assets in total</b>	<b>300,469</b>	<b>273,839</b>	<b>69,877</b>	<b>65,655</b>
Liabilities and provisions for liabilities	137,395	122,235	32,049	29,307
Long-term liabilities	7,243	7,931	1,684	1,902
Short-term liabilities	130,152	114,304	30,268	27,405
<b>Equity</b>	<b>163,074</b>	<b>151,604</b>	<b>37,924</b>	<b>36,348</b>
Share capital	13,936	13,936	3,241	3,341
<b>Number of shares (in pcs)</b>	<b>13,936,000</b>	<b>13,936,000</b>	<b>13,936,000</b>	<b>13,936,000</b>
Profit (loss) per ordinary share (in PLN/EUR)	1.18	1.26	0.27	0.30
Diluted profit (loss) per ordinary share (in PLN/EUR)	1.18	1.26	0.27	0.30
Accounting value per one share (in PLN/EUR)	11.70	10.88	2.72	2.47
Diluted accounting value per one share (PLN/EUR)	11.70	10.88	2.72	2.47



Selected financial information for OPONEO.PL S.A.	in PLN thousand		in EUR thousand	
	01.01.2018-31.12.2018	01.01.2017-31.12.2017	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Net revenue from the sale of products, goods and materials	811,599	695,478	190,208	163,846
Profit (loss) from sales	152,175	126,970	35,664	29,913
Operating income (loss)	7,461	2,662	1,749	627
Gross profit (loss)	21,716	18,311	5,089	4,314
Net profit (loss)	16,832	16,712	3,945	3,937
Net cash flows from operating activities	-1,530	12,257	-359	2,888
Net cash flows from investing activities	-709	-25,991	-166	-6,123
Net cash flows from financial activities	-5,103	-3,484	-1,196	-821
Net cash flows in total	-7,342	-17,218	-1,721	-4,056
<b>Assets in total</b>	<b>322,623</b>	<b>294,934</b>	<b>75,029</b>	<b>70,712</b>
Liabilities and provisions for liabilities	145,029	129,294	33,728	30,999
Long-term liabilities	12,667	13,355	2,946	3,202
Short-term liabilities	132,362	115,939	30,782	27,797
<b>Equity</b>	<b>177,594</b>	<b>165,640</b>	<b>41,301</b>	<b>39,713</b>
Share capital	13,936	13,936	3,241	3,341
<b>Number of shares (in pcs)</b>	<b>13,936,000</b>	<b>13,936,000</b>	<b>13,936,000</b>	<b>13,936,000</b>
Profit (loss) per ordinary share (in PLN/EUR)	1.21	1.20	0.28	0.28
Diluted profit (loss) per ordinary share (in PLN/EUR)	1.21	1.20	0.28	0.28
Accounting value per one share (in PLN/EUR)	12.74	11.89	2.96	2.47
Diluted accounting value per one share (PLN/EUR)	12.74	11.89	2.96	2.47

For the purpose of converting the presented data into euro, the following euro exchange rates were used:

- For the items of statement of comprehensive income and the statement of cash flows:
  - 4.2669 – the exchange rate calculated as the average of NBP exchange rates for the last day of each month of the year 2018,
  - 4.2447 – the exchange rate calculated as the average of NBP exchange rates for the last day of each month of the year 2018.
- For the items of statement of financial position:
  - 4.3000 – NBP exchange rate from 31 December 2018,
  - 4.1709 – NBP exchange rate from 29 December 2017.

# 1. MACROECONOMIC SITUATION AND E-COMMERCE SECTOR



## 1. MACROECONOMIC SITUATION AND E-COMMERCE SECTOR

### 1.1. ECONOMIC GROWTH RATE

According to the estimates of the International Monetary Fund (IMF), increase of the global Gross Domestic Product (GDP) in 2018 was 3.7%, compared to 3.8% in 2017. In turn, according to the forecast made by the European Commission, GDP in the European Union in 2018 increased at a rate of 2.1% per annum, compared to 2.4% in the year 2017<sup>1</sup>.

In 2018, Poland was one of the fastest developing countries in the European Union. According to estimates of the Polish Central Statistical Office, GDP increased by 5.1%, compared to 4.8% in 2017. Consumption remained the key driver for the economic growth. Investments also had a positive impact. Impact of net export was neutral<sup>2</sup>.

A substantial improvement of the labour market situation was experienced in 2018. The number of people working in the country's economy and average employment in the enterprise sector increased, although to a slightly lesser degree than in the previous year. The registered unemployment rate lowered from 6.6% at the end of 2017 to 5.8% at the end of 2018. The increase of average nominal and real monthly gross salary in the enterprise sector accelerated and was the fastest for the last ten years. The average monthly nominal gross salary in the enterprise sector reached PLN 5,274.95 at the end of 2018, compared to PLN 4,973.73 at the end of 2017<sup>3</sup>.

Despite high economic growth in 2018, changes of prices in Poland remained moderate<sup>4</sup>. The annual average inflation rate in 2018 was 1.6%, compared to 2% in the previous year<sup>5</sup>. In the 4th quarter of the previous year, the increase of prices was the lowest since the beginning of the year. The average annual index of consumer prices was lower from the level planned in the Budget Act. The increase in prices of food and non-alcoholic beverages was lower than in 2017. The increase rate of prices of goods and services associated to housing and transport was higher than in the previous year. The prices of sold production of industry were increasing slightly more slowly than in 2017, but the increase in construction and assembly production prices was higher<sup>6</sup>.

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<sup>1</sup>The Polish Central Statistical Office, Information on country's socio-economic situation in 2018 (*Informacja o sytuacji społeczno-gospodarczej kraju w 2018 roku*), <http://stat.gov.pl/obszary-tematyczne/inne-opracowania/informacje-o-sytuacji-spoleczno-gospodarczej/informacja-o-sytuacji-spoleczno-gospodarczej-kraju-w-2018-r-,1,80.html>, January 2019.

<sup>2</sup> Ibid.

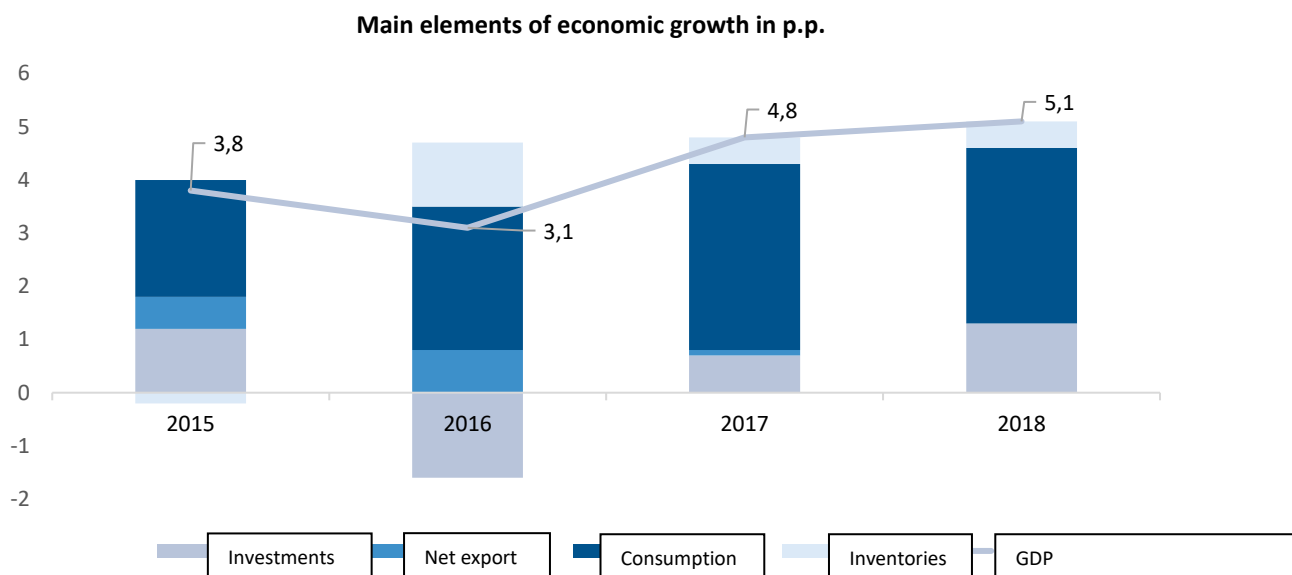
<sup>3</sup> Ibid.

<sup>4</sup> NBP, The *Financial Stability Report* <https://www.nbp.pl/systemfinansowy/rsf122018.pdf>, December 2018.

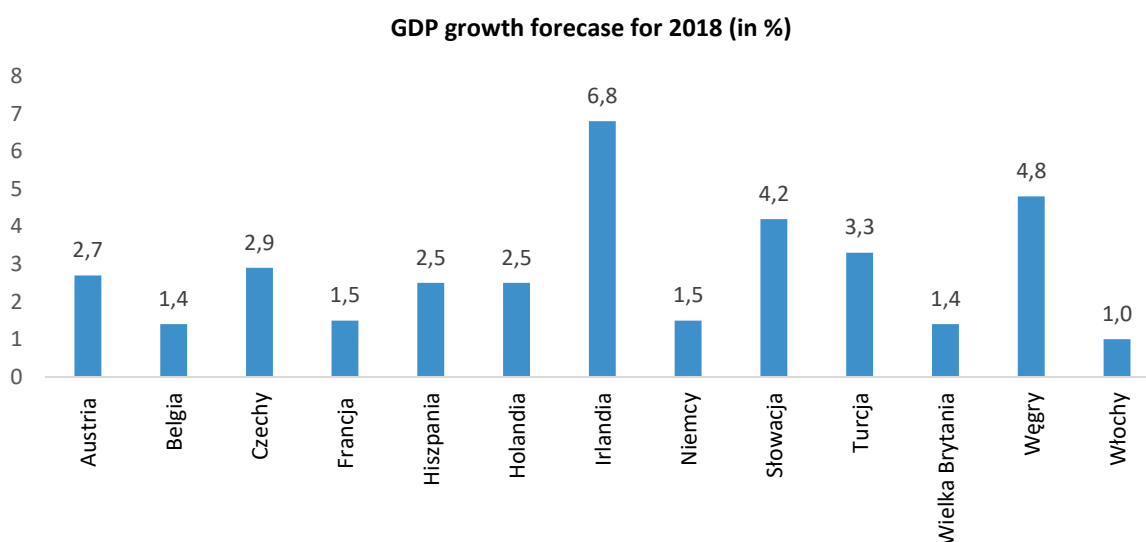
<sup>5</sup> The Polish Central Statistical Office, *Average annual price index of consumer goods and services in 2018* (*Komunikat w sprawie średniorocznego wskaźnika cen towarów i usług konsumpcyjnych ogółem w 2018 roku*), <https://stat.gov.pl/sygnalne/komunikaty-i-obwieszczenia/lista-komunikatow-i-obwieszczen/komunikat-w-sprawie-sredniorocznego-wskaznika-cen-towarow-i-uslug-konsumpcyjnych-ogolem-w-2018-r-,50,6.html>, January 2019.

<sup>6</sup>The Polish Central Statistical Office, Information on country's socio-economic situation in 2018 (*Informacja o sytuacji społeczno-gospodarczej kraju w 2018 roku*), <http://stat.gov.pl/obszary-tematyczne/inne-opracowania/informacje-o-sytuacji-spoleczno-gospodarczej/informacja-o-sytuacji-spoleczno-gospodarczej-kraju-w-2018-r-,1,80.html>, January 2019.

Factors of the economic growth in Poland were as follows in the last years<sup>7</sup>.



The dynamics of GDP growth in selected countries in which OPONEO.PL Group operated was at the following level<sup>89</sup>:



<sup>7</sup>The Polish Central Statistical Office, Gross Domestic Product in 2018 - preliminary estimate (*Produkt krajowy brutto w 2018 roku - szacunek wstępny*), January 2019.

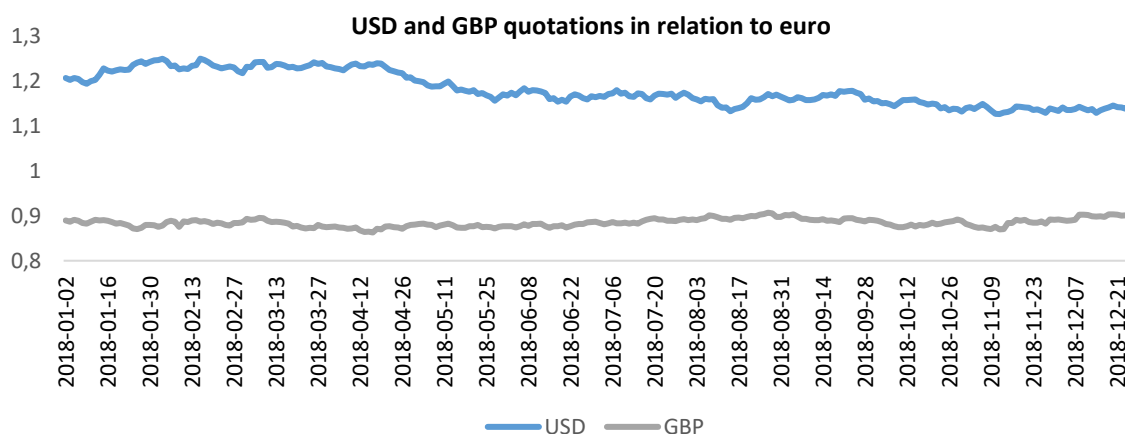
<sup>8</sup>European Commission, *European Economic Forecast*, [https://ec.europa.eu/info/sites/info/files/economy-finance/ip096\\_en.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/ip096_en.pdf), February 2019.

<sup>9</sup>OECD, *Real GDP forecast*, Turkey, <https://data.oecd.org/gdp/real-gdp-forecast.htm>.

## 1.2. FINANCIAL MARKET

In 2018, European bond and share markets were negatively affected by the prospect of economic growth slowdown in the euro area, political unrest in some EU states as well as concerns regarding financial condition of some European banks. The European Central Bank (ECB) announced probable termination of the asset purchase programme in 2018 and confirmed that interest rates would remain at the same level for a longer time. Temporary price volatility increase on financial markets was also caused by stalled negotiations on the terms of leaving the EU by the United Kingdom. When concerning the global context, trade war between the USA and China should also be mentioned<sup>10</sup>. The aforementioned events also impacted the foreign exchange market.

In 2018, euro (EUR) appreciated by 5% as compared to the dollar (USD) and fell by 1% in relation to the British pound (GBP). On the other hand zloty (PLN) weakened against the main currencies. Last year Euro appreciated by 3% as compared to zloty, whereas the American currency gained 8% compared to zloty.

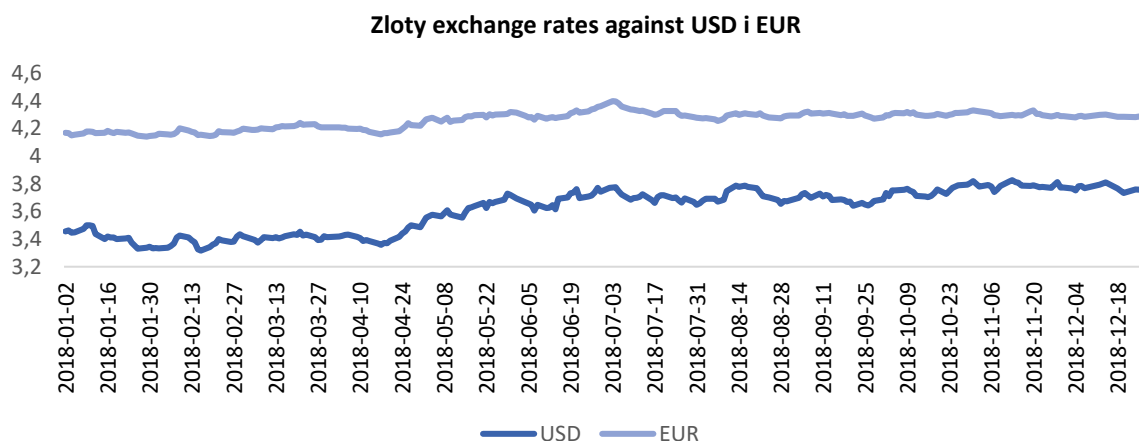


Source: The European Central Bank, Euro foreign exchange reference rates.

Zloty's exchange rates were as follows when compared to the main currencies, which are dollar and euro<sup>11</sup>:

<sup>10</sup> NBP, The *Financial Stability Report* <https://www.nbp.pl/systemfinansowy/rsf122018.pdf>, December 2018.

<sup>11</sup> SpotData, Exchange rates (NBP fixing), <https://spotdata.pl/b/ogolna/kursu-walut-fixing-nbp#/v/1-eur-euro>.



### 1.3. AUTOMOTIVE MARKET

Trends which are favourable to the Company have been observed in the automotive industry. According to the forecast prepared by IBRM Samar [*the institute for automotive market research*], 1,604,081 passenger cars and light commercial vehicles with total permissible laden weight of 3.5 tons were registered in Poland in 2018, a year-on-year increase by 8.6%. It is a record-breaking number of first registrations of this type of vehicles. The previous record - registration of 1,548,702 vehicles was reached in 2017, but it resulted mainly from the greatest import of used cars in history (1,169,788 pcs).

Most first registrations involve used imported cars. Last year, 1,003,290 cars of the analysed category were imported to Poland, that is a year-on-year increase by 7.1%. An average age of vehicles imported to Poland was 11 years and 10 months<sup>12</sup>.

The year 2018 also witnessed the record number of registered new passenger cars and light commercial vehicles with total permissible laden weight of 3.5 tons. 600,708 of such vehicles were registered, that is a year-on-year increase of 9.8%. New vehicles were purchased mainly by companies (almost a 76-percent share in the total number of purchased vehicles)<sup>13</sup>. In 2018, there were 1.67 used vehicles per one new registered vehicle with total permissible laden weight of 3.5 tons.

In the case of vehicles with total permissible laden weight of 3.5 tons, that is light commercial vehicles and buses, 64,738 registration documents were issued in 2018, that is a year-on-year increase of 7.1%. Registrations of new vehicles reached 32,181 - a year-on-year increase of 5.8%. On the other hand, there were 32,557 registrations of new light commercial vehicles and buses - an increase of 8.7% year-on-year<sup>14</sup>.

<sup>12</sup> Source: Samar, *Ponad 1 mln sprowadzonych aut [Over one million of imported cars]*, 2018.

<sup>13</sup> The Polish Automotive Industry Association (PZPM), *Pierwsze rejestracje samochodów osobowych i dostawczych o DMC<=3,5t [The first registrations of passenger cars and light commercial vehicles with GVW<=3.5t]*, December 2018.

<sup>14</sup> PZPM, *Pierwsze rejestracje pojazdów użytkowych pow. 3,5t [First registrations of commercial vehicles]*, December 2018.



## 1.4. TYRE MARKET

The data gathered by ETRMA (European Tyre and Rubber Manufacturers' Association) indicate that 207.5 million pcs of replacement tyres for passenger cars were sold in Europe in 2018, that is a year-on-year increase of 1%.

11.5 million of replacement car tyres (including SUV's and light commercial vehicles) were sold in Poland in 2018, that is 1.4% less than in the previous year. It is worth noting that there was a larger-than-average increase in domestic sales in the segment of summer and all-season tyres - by almost 48%, up to 113,851 pcs. However, in the entire year sales of summer and all-season tyres dropped by 4.1% year-on-year and amounted to 5.6 million pcs. In turn, sales of winter tyres in 2018 increased year-on-year by 1.4% up to 5.9 million<sup>15</sup>.

In Poland, following the positive European trend, sales of truck tyres increased by 22%, to 819,424 pcs. The sales of motorcycle tyres in 2018 fell slightly, by 0.4%, to 261,428<sup>16</sup>.

## 1.5. E-COMMERCE MARKET

### Market growth rate

According to Eurostat's calculations, the percentage of online shoppers is increasing in all markets in which the company is present. The highest percentage of online shoppers in the last 12 months in 2017 was in the UK (82%, increase of 25 p.p. compared to 2008), while in Turkey, ranked at the very bottom, it was 21% (increase of 17 p.p.).

Online shopping in the markets where the OPONEO.PL Group operates<sup>17</sup>.



<sup>15</sup> The Polish Tyre Industry Association (PZPO), Tyre sales in 2018 roku, <https://pzpo.org.pl/aktualnosci/sprzeda%C5%BC-opon-w-2018-roku.html>

<sup>16</sup> Ibid.

<sup>17</sup> Eurostat, E-commerce statistics for individuals, [https://ec.europa.eu/eurostat/statistics-explained/index.php/E-commerce\\_statistics\\_for\\_individuals](https://ec.europa.eu/eurostat/statistics-explained/index.php/E-commerce_statistics_for_individuals).

Equally positive trends are visible in Poland, where the value of e-commerce market is expected to grow steadily. Growth of the e-commerce market in Poland is stimulated by: growing access to broadband Internet, wide access to PC's (still being the most popular device for on-line transactions) and expansion of the information society<sup>18</sup>.

The report „Płatności cyfrowe 2018” [*Digital payments 2018*], created under the auspices of Izba Gospodarki Elektronicznej [*Electronic Economy Chamber*], indicates that 41% of respondents declare online shopping with the use of a PC or laptop. The percentage is exactly the same as in 2017. Therefore, it can be stated that activity of users on desktop devices stabilises, and the weight is transferred into other electronic devices. Taking into account age groups, persons aged 18-24 are the least active, and the most active groups are aged 25-34, 45-54 and over 54. When analysing the place of residence, online shopping is mostly declared by those living in cities: with population between 200 and 500 thousand, over 500 thousand and towns with 20-50 thousand inhabitants. The most popular form of payment, like in the last year, is the so called Pay-By-Link, which constitutes 50%. The first place among the categories of products which are most frequently purchased online is held by culture (books, CD's, films) with the share of 25%, followed by beauty products with a 19% share. The third place is held by travels and tours with an 18% share. Cars and car parts were indicated by 10% of respondents<sup>19</sup>.

Results of the report „Raport E-commerce 2019”, prepared by interaktywnie.com, confirm the growing popularity of online shopping by means of mobile devices. The study shows that 45% of respondents make mobile purchases at least once a week. Only two countries had higher rates - Germany and the UK (in both cases 48%). Mobile transactions constitute 25% of all transactions made by domestic consumers. Online shopping is appreciated by Poles mostly for its quickness (63% of responses)<sup>20</sup>.

Value of the e-commerce market in Poland in the previous years and forecasts for the years 2019-2020 are as follows:<sup>21</sup>

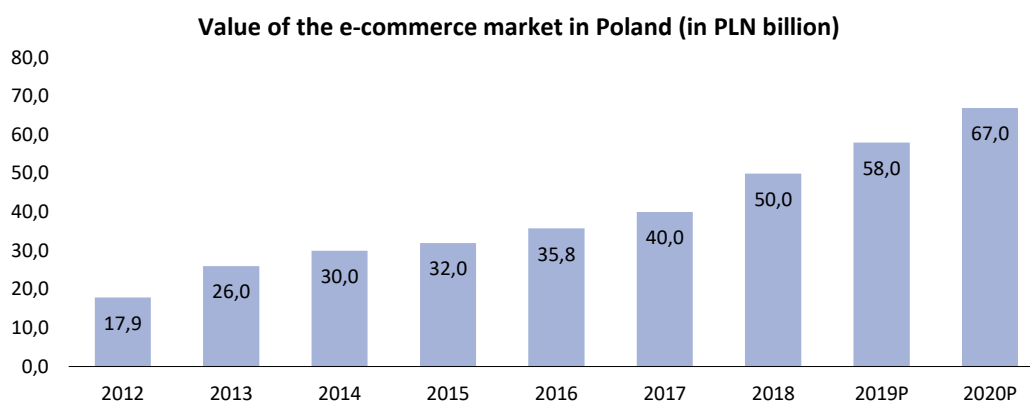
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<sup>18</sup>Financial Observer, Polacy coraz częściej kupują on-line [*Poles increasingly buy online*], <https://www.obserwatorfinansowy.pl/forma/rotator/polacy-coraz-czesciej-kupuja-on-line/>, October 2018.

<sup>19</sup> Izba Gospodarki Elektronicznej [*Electronic Economy Chamber*], Płatności cyfrowe 2018, [https://eizba.pl/kategorie\\_cbw/badania/](https://eizba.pl/kategorie_cbw/badania/)

<sup>20</sup> Raport E-commerce 2019, <https://interaktywnie.com/biznes/artykuly/raporty-interaktywnie-com/raport-interaktywnie-com-e-commerce-2019-258454>

<sup>21</sup>Financial Observer, Polacy coraz częściej kupują on-line [*Poles increasingly buy online*], <https://www.obserwatorfinansowy.pl/forma/rotator/polacy-coraz-czesciej-kupuja-on-line/>



## 1.6. LEGAL CHANGES

Since March 2018 traditional shops are closed on two Sundays each month (all Sundays since 2020). Thus, limiting trade on Sundays may have impact on the operations of e-stores in Poland.

The act of 23 October 2018, on the amendment of the personal income tax act, corporate income tax act, Tax Ordinance Act and some other acts (Dz. U. [*Journal of Laws*] of 2018, item 2193), introduced important amendments to tax rules, for example changes to regulations concerning transfer prices.

The most important changes in this regard include especially:

- modification of qualification of links through persons employed in supervisory bodies, decision-making or managing,
- elimination of an income-cost indication, and thus returning to examining record-keeping obligations only on the basis of the total value of a transaction or event of one type,
- change of materiality thresholds for transaction value or events of one type,
- introduction of new documentation exemptions,
- introduction of the safe harbours and other procedures. Obligatory comparative analysis in the basic type of documentation, that is the so called local file, and also obligatory declaration of marketability of prices applied in transactions with affiliates.

According to intertemporal rules, it is a general principle that the new rules should be applied to revenues generated in the fiscal year starting after 31 December 2018.

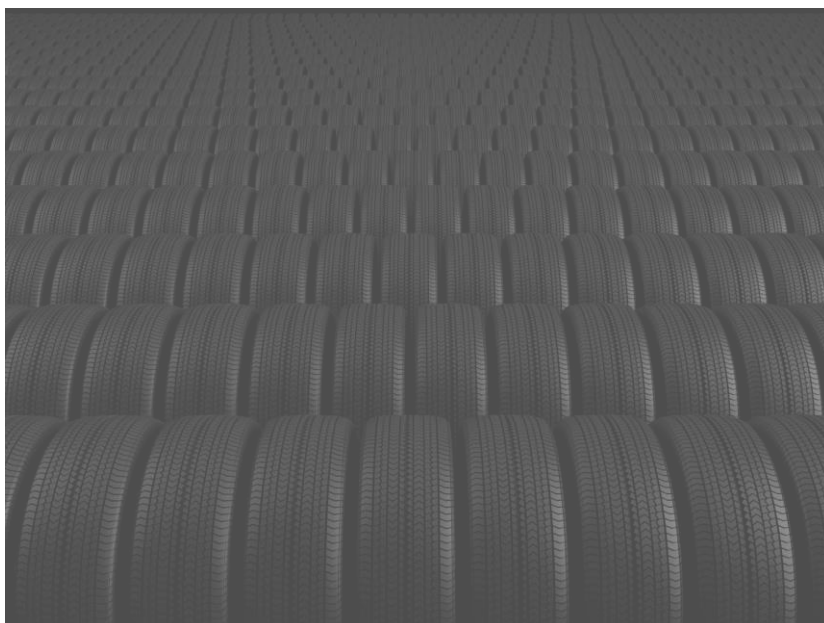
On 5 December 2018, a Regulation on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market and amending regulations (EC) no. 2006/2004 and (EU) 2017/2394 and Directive 2009/22/EC entered into force. It means that the Regulation is directly binding on participants of online trading and online services in the entire European Union. This change should contribute to the growth of cross-border trade within e-commerce.

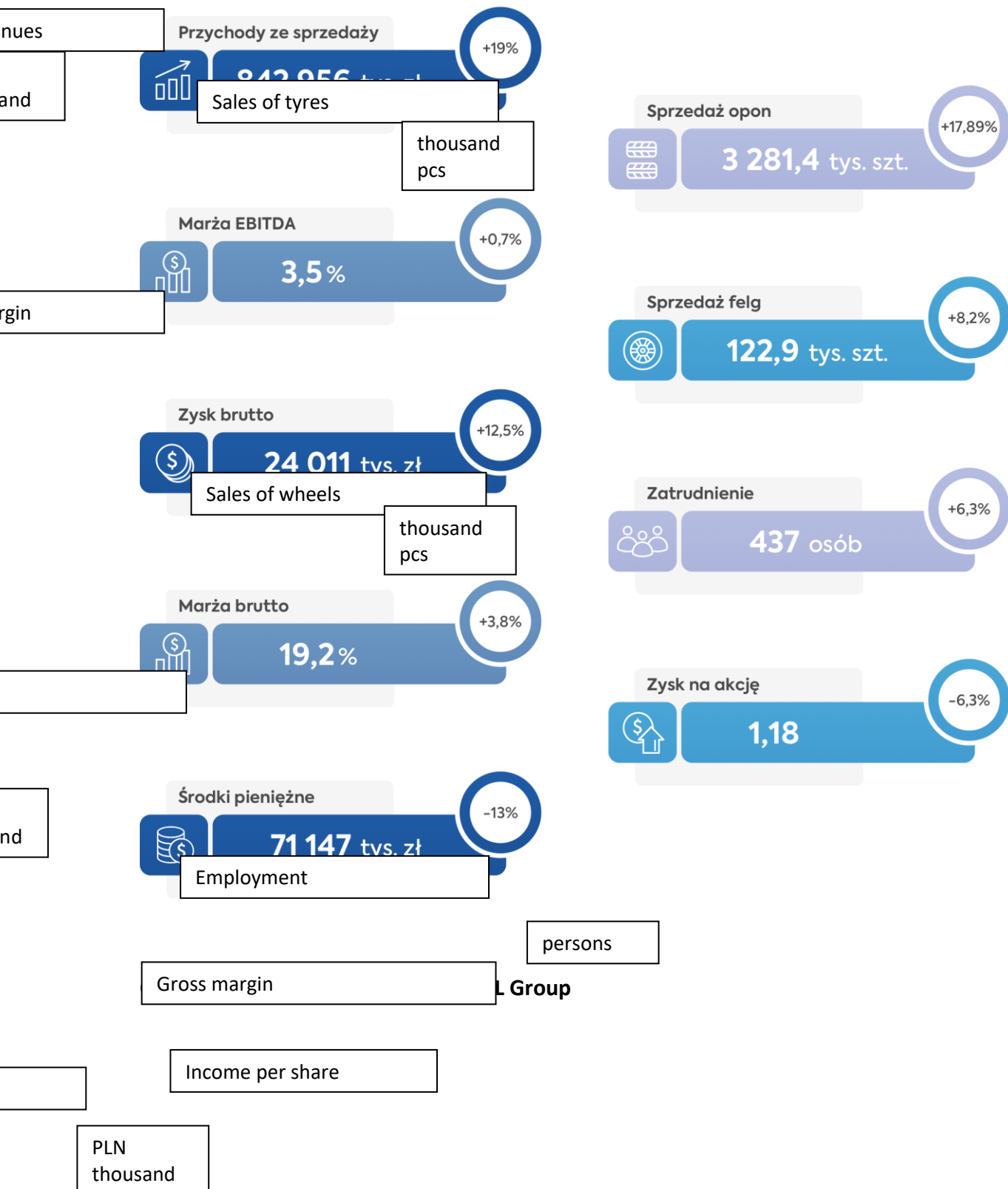
Moreover, the following EU regulations entered into force in 2018:

- Directive of The European Parliament and of the Council (EU) 2015/2366 on payment services in the internal market. The PSD2 directive, which aims at, among other things, improving security level of transactions, may render online payments more complicated (for example one-click transactions) and limit online shopping outside of Europe;

- 
- General Data Protection Regulation of the European Parliament and of the Council (GDPR) – entered into force on 25 May 2018. It is aimed at reinforcing and unifying the regulations concerning online privacy and protection of natural persons' data in the EU, as well as at simplifying security regulations for companies and organisations servicing EU citizens. In the event of failure to comply with the new rules, it provides for penalties reaching even millions of euro.

## 2. COMMENT TO FINANCIAL RESULTS OF THE OPONEO.PL GROUP IN 2018







## 2. COMMENTARY ON THE RESULTS OF THE OPONEO.PL GROUP AND OPONEO.PL S.A.

### 2.1. MAIN FACTORS AFFECTING FINANCIAL RESULTS

#### 2.1.1. OPONEO.PL Group

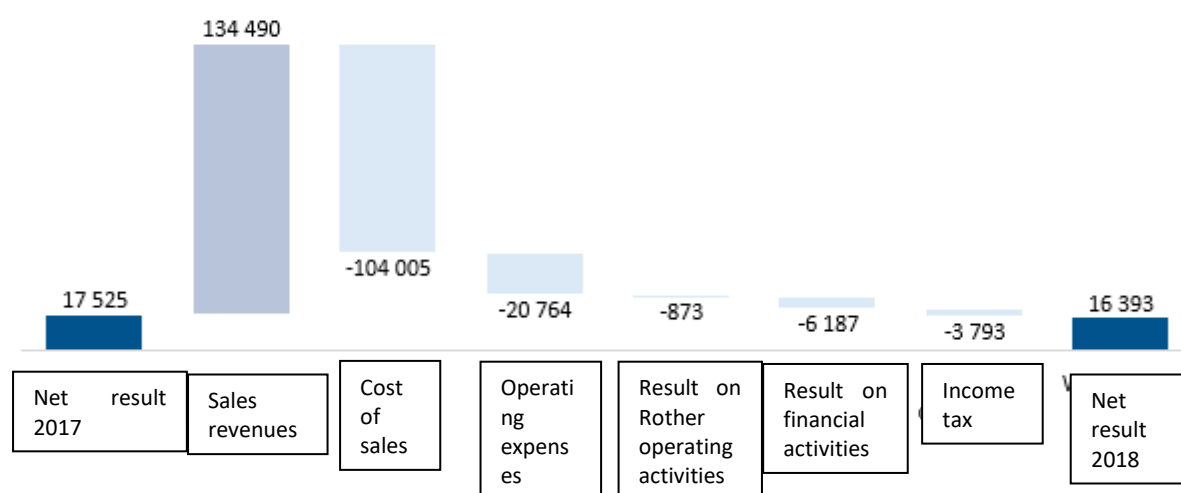
In 2018, the OPONEO.PL Capital Group generated gross profit of PLN 24,011 thousand (a 10% increase in comparison to the gross profit for 2017); however, due to the increase of fiscal burdens, net profit was 6.5% lower than in the previous year and reached PLN 16,393 thousand. When comparing year-on-year results, it should be taken into account that the amount of PLN 2,838 thousand, from a single event - receiving the last instalment for sale of the organised part of the enterprise named Elektroda.pl, was recognised in the result for the year 2017.

The main factors shaping the OPONEO.PL Group's financial result in 2018 were:

- **Dynamic growth in sales revenue.**  
In 2018, they amounted to PLN 842,956 thousand, i.e. an increase of 19.0% compared to 2017. At the same time, domestic sales revenue amounted to PLN 660,351 thousand and increased by 18.6% compared to 2017. Inflows from overseas sales amounted to 182,605 thousand (a year-on-year increase of 20.2%).
- **An increase in operating expenses of 18.2% (i.e. costs of sales and administrative expenses) to PLN 135,119 thousand.**  
The increase in the number of contracts executed had a significant impact on the costs of external services (including mainly transport, freight and storage services) and staff costs.
- **Negative result on other operating activities.**  
It reached PLN - 2,411 thousand, i.e. a drop of 56.8% compared to 2017. The difference when compared to 2017 roots from recognising the income (the last instalment) for sale of the organised part of the enterprise named Elektroda.pl.
- **Negative result on financial activities.**  
It reached PLN - 364,000 compared to 5,823 thousand in 2017. The lower result is a consequence of the change in result presentation consisting in transfer of the bonuses and discounts granted for early payments of liabilities for purchased goods to the result of the Company's core business, as well as increase of exchange rates which negatively affected the result on statistical exchange rate differences.
- **Higher income tax burden than in the previous year.**  
Income tax in 2018 amounted to PLN 7,618 thousand, an increase of 99.2% compared to 2017. The increased tax burden is related to higher current taxation of separate companies within the Group and higher value of deferred tax.

Basic items of the consolidated statement of comprehensive income of the OPONEO.PL Group	01.01.2018-31.12.2018	01.01.2017-31.12.2017	Change	
			in PLN thousand	in %
Sales revenues	842,956	708,466	134,490	19.0%
Cost of sales	-681,051	-577,046	-104,005	18.0%
Operating expenses (general management and sales)	-135,119	-114,355	-20,764	18.2%
Result on other operating activities	-2,411	-1,538	-873	-56.8%
Result on financial activities	-364	5,823	-6,187	X
Gross result	24,011	21,350	2,661	12.5%
Income tax	-7,618	-3,825	-3,793	99.2%
<b>Net result including</b>	<b>16,393</b>	<b>17,525</b>	<b>-1,132</b>	<b>-6.5%</b>
<i>Attributable to the shareholders of the parent entity</i>	<i>16,763</i>	<i>17,683</i>	<i>-920</i>	<i>-5.2%</i>

Źródła kreacji wyniku netto Grupy OPONEO.PL w 2018 roku (w tys. zł)



### Sales revenues

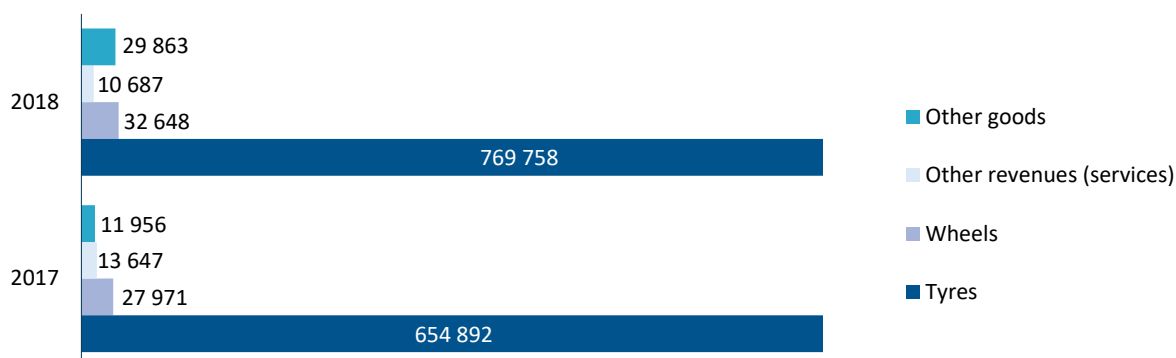
In 2018, sales of the Group amounted to PLN 842,956 thousand. Domestic sales amounted to PLN 660,351 thousand, an increase of 18.6% year-on-year. Revenue from domestic sales reached PLN 182,605 thousand, which means a year-on-year increase of 20.2%. Weakening of Polish currency against euro impacted the level of revenues from foreign markets recognised in zloty. The share of domestic revenues in total sales revenues of the OPONEO.PL Group reached 78.3%, which means a year-on-year drop of 0.3%.

The main source of revenue was the sales of tyres. It amounted to PLN 769,758 thousand and constituted 91.3% of the Group's total sales revenues. Throughout 2018, the OPONEO.PL Group sold 3,281.4 thousand tyres, i.e. by 17.9% more than a year earlier. When concerning the volume, sales in Poland increased by 19.5% and by about 11.0% abroad when compared to 2017.

In 2018, the Group earned PLN 32,648 thousand of revenue from sales of wheels, i.e. by 16.7% more than in the previous year.

Revenues from sales of other goods, covering mostly activities of the subsidiary Dadelo S.A., dealing with online sales of bicycles and bicycle parts, amounted to PLN 28,742 thousand.

### Sales revenues of the OPONEO.PL Group (in PLN thousands)



### Result on other operating activities

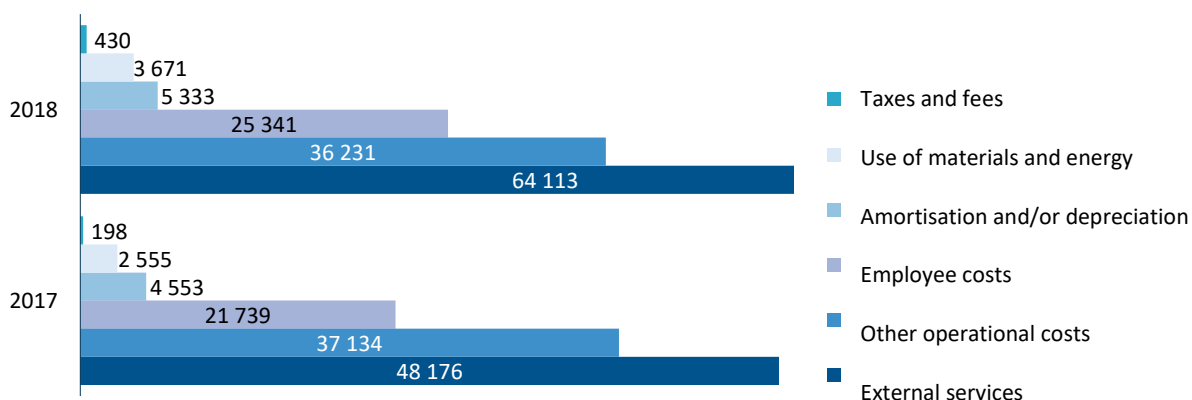
The Group's result on other operating activities in 2018 was PLN -2,411 thousand, compared to PLN -1,538 thousand in the previous year. The difference roots from recognising in the previous year the income for sale of the organised part of the enterprise named Elektroda.pl.

### Operating expenses

The cost of outsourced services is the main component of OPONEO.PL Group's operating expenses. In 2018, they amounted to PLN 64,113 thousand and accounted for 47.4% of total operating expenses. They were 33.1% higher than the year before. Their growth was due to the dynamic development of the Group's business. Personnel costs (salaries and other employee benefits) also played a significant role in the cost structure. In 2018, they closed with PLN 25,341 thousand and represented 18.8% of the Group's operating expenses. Personnel costs increased by 16.6% compared to 2017.

Other operational costs amounted to PLN 36,231 thousand in 2018 - an increase of 2.4% year-on-year.

### Structure of category costs of the OPONEO.PL Group (in PLN thousand)



### The result on financial activities

In financial revenues the Group includes exchange gains, received interests, bonuses and discounts related to financial revenues. The main cost items are: exchange losses, interest rates paid and created write-downs.

In 2018, Group's result on financial activities was PLN -364 thousand against PLN 5,823 thousand in the previous year. The lower result is a consequence of the change in result presentation consisting in transfer of the bonuses and discounts granted for early payments of liabilities for purchased goods to the result of the Company's core business, as well as increase of exchange rates which negatively affected the result on statistical exchange rate differences.

### **Income tax**

In 2018, the Group paid PLN 7,618 thousand income tax, compared to PLN 3,825 thousand in 2017. Following amendments to provisions on income tax, marketing, advisory and licensing services between affiliates above a set limit do not constitute tax deductible expenses, which resulted in much higher taxable base for the year 2018.

Higher tax burden results also from postponing the date of tax obligation, resulting from issuing discount adjustments for the year 2018, to the next period, i.e. 1st quarter of 2019, and also a higher deferred tax.

#### **2.1.2. OPONEO.PL S.A.**

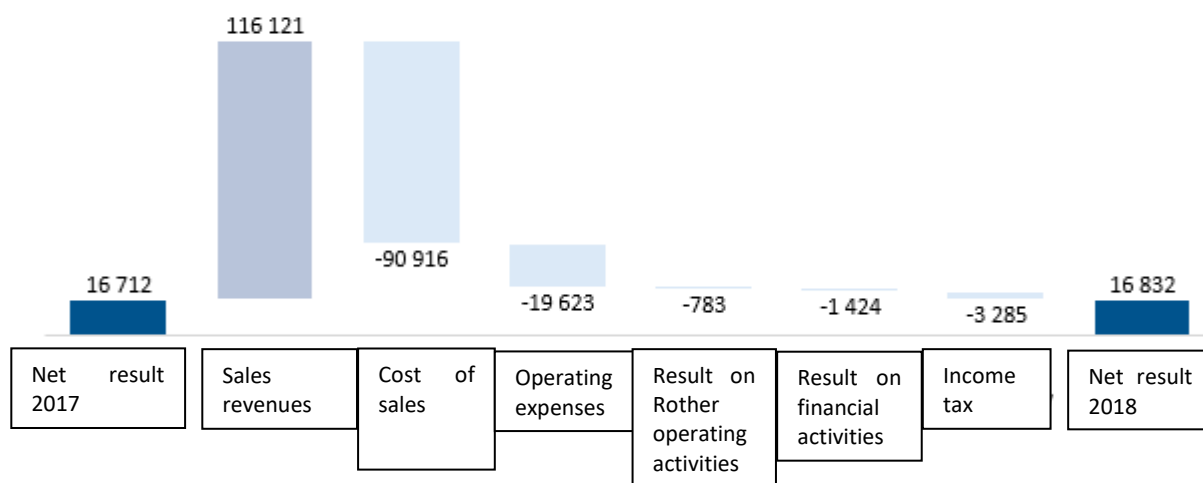
In 2018, OPONEO.PL S.A. generated net income of PLN 16,832 thousand, an increase of 0.7% compared to the previous year.

The main factors shaping the Company's financial result in 2018 were:

- **Dynamic growth of sales revenues.**  
In 2018, they amounted to PLN 811,599 thousand, i.e. an increase of 16.7% compared to the previous year. At the same time, domestic sales revenue amounted to PLN 630,811 thousand and increased by 18.9% compared to 2017. Inflows from overseas sales amounted to 180,788 thousand (a year-on-year increase of 9.7%).
- **An increase of 16.0% in operating expenses (i.e. costs of sales and administrative expenses) to PLN 142,407.**  
The increase in the number of contracts executed had a significant impact on the costs of external services (including mainly transport, freight and storage services) and staff costs.
- **Negative result on other operating activities.**  
It reached PLN -2,307 thousand in 2018, compared to PLN -1,524 thousand in 2017. The fundamental year-on-year difference in this item roots from recognising in the previous year the income for sale of the organised part of the enterprise named Elektroda.pl (the last instalment).
- **Lower result on financial activity.**  
Revenues from bonuses were not accounted for in this item in 2018 – it was a consequence of the change, introduced on 1 January 2018, in result presentation consisting in transfer of the bonuses and discounts granted for early payments of liabilities for purchased goods to the result of the Company's core business. Revenues from dividends reached PLN 14,614 thousand in 2018, compared to PLN 11,832 thousand in 2017.
- **Higher income tax burden.**  
In the profit and loss account for 2018 OPONEO.PL S.A. included PLN 1,583 thousand of deferred tax. It was related to, among others, settled over time revenues from deferred payments and revenues related to the adaptation of warehouse space, provision for leave and discount adjustments. In 2018, current tax burdens amounted to PLN 3,301 thousand, compared to 1,538 thousand in 2017.

Basic items of the separate statement of comprehensive income of OPONEO.PL S.A.	01.01.2018-31.12.2018	01.01.2017-31.12.2017	Change	
			in PLN thousand	in %
Sales revenues	811,599	695,478	116,121	16.7%
Cost of sales	-659,424	-568,508	-90,916	16.0%
Operating expenses (general management and sales)	-142,407	-122,784	-19,623	16.0%
Result on other operating activities	-2,307	-1,524	-783	-51.4%
Result on financial activities	14,225	15,649	-1,424	-9.1%
Gross result	21,716	18,311	3,405	18.6%
Income tax	-4,884	-1,599	-3,285	205.4%
<b>Net result</b>	<b>16,832</b>	<b>16,712</b>	<b>120</b>	<b>0.7%</b>

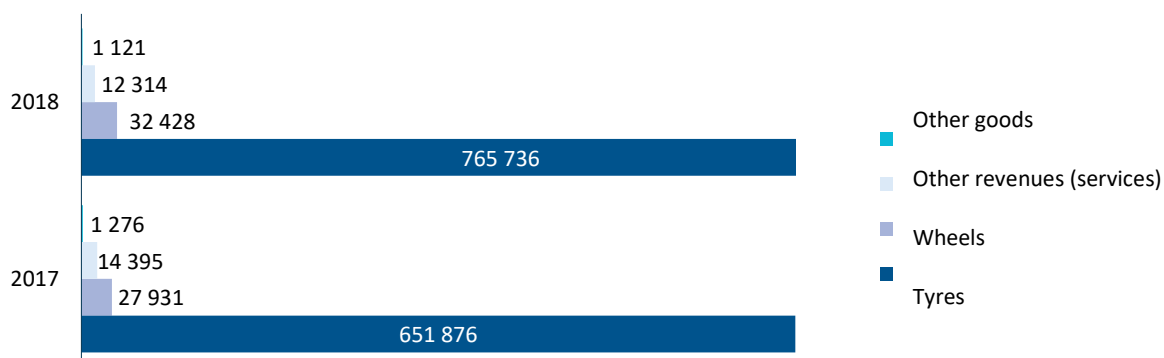
**Sources of net result creation of OPONEO.PL S.A. In 2018 (In PLN thousand)**



**Sales revenues**

The main element of sales revenues was the sales of tyres, which amounted to PLN 765,736 thousand and represented 94.3% of Company's sales revenues. They were 16.7% higher than in 2017. In 2018, the Company earned PLN 32,428 thousand of revenue from sales of wheels, i.e. 16.1% more than in the previous year.

**Sales revenues of OPONEO.PL S.A. (in PLN thousand)**



**Result on other operating activities**

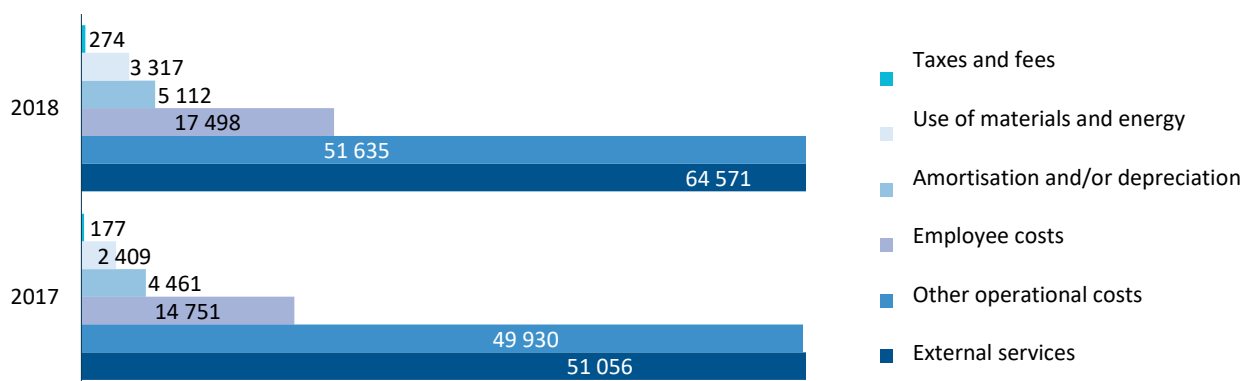
The result on other operating activities in 2018 was PLN -2,307 thousand, compared to PLN -1,524 thousand in 2017. The fundamental year-on-year difference in this item roots from recognising in the previous year the income for sale of the organised part of the enterprise named Elektroda.pl (the last instalment).

**Operating expenses**

The main component of operational costs of OPONEO.PL S.A. is the cost of outsourced services. In 2018, they amounted to PLN 64,571 thousand and accounted for 45.3% of total operating expenses. They were 26.5% higher than the year before. Their growth was due to the dynamic development of the Company's business. Personnel costs (salaries and other employee benefits) also played a significant role in the cost structure. In 2018, they closed with the amount of PLN 17,498 and represented 12.3% of the Company's operating expenses. Personnel costs increased by 18.6% compared to the previous year, mostly due to higher employment.

Other operational costs amounted to PLN 51,635 thousand in 2018, an increase of 3% year-on-year. Other operational costs include mostly expenses connected with external services (e.g. forwarding, operation of warehouses).

**Structure of category costs of OPONEO.PL (in PLN thousand)**





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**The result on financial activities**

In 2018, Company's result on financial activities was PLN 14,225 thousand (PLN 15,649 thousand in the previous year), a 9.1% decrease year-on-year. There were no revenues from bonuses in 2018, while in 2017 they reached PLN 3,392 thousand. It was a consequence of the change, introduced on 1 January 2018, in result presentation consisting in transfer of the bonuses and discounts granted for early payments of liabilities for purchased goods to the result of the Company's core business.

**Income tax**

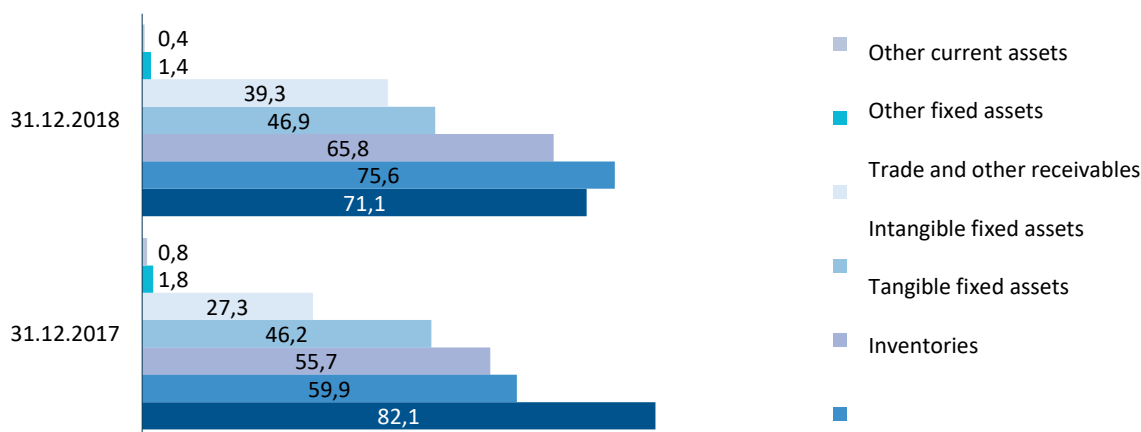
Income tax reached PLN 4,884 thousand in 2018, compared to PLN 1,599 thousand in 2017. In the profit and loss account for 2018 OPONEO.PL S.A. included PLN 1,583 thousand of deferred tax. It was related to, among others, settled over time revenues from deferred payments and revenues related to the adaptation of warehouse space, provision for leave and discount adjustments. In 2018, current tax burdens amounted to PLN 3,301 thousand, compared to 1,538 thousand in 2017. Following amendments to provisions on income tax, marketing, advisory and licensing services between affiliates above a set limit do not constitute tax deductible expenses, which resulted in much higher taxable base for the year 2018.

## 2.2. FINANCIAL CONDITION

### 2.2.1. OPONEO.PL Group

As at 31 December 2018, total assets of the OPONEO.PL Capital Group amounted to PLN 300,469 and were 9.72% higher than at the end of 2017. Higher value of assets results mainly from organic growth.

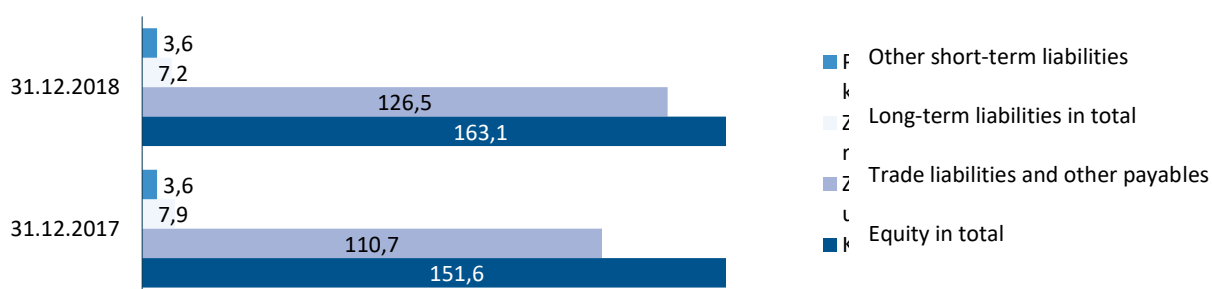
**Structure of assets of the OPONEO.PL Group (in PLN million)**



The main assets of the Group are:

- Cash and cash equivalents - as at 31st December 2018 they amounted to PLN 71,147 thousand, i.e. 23.6% of assets. Their level was 13.3% lower than at the end of 2017. The drop results from increasing stock levels and investment expenditures on fixed assets.
- Inventories are valued at PLN 75,590 (25.1% of assets). As a result of a substantial increase in the business volumes of the Group, they increased within a year by 26.2%.
- Tangible fixed assets of a value of PLN 65,761 thousand (21.9% of assets). Compared to 2017, their value grew by 18.1%. It is the result of investment in fixed assets (related to equipping of buildings and warehouses).
- Intangible assets - valued at PLN 46,853 thousand (15.6% of assets). They were by 1.3% higher than as at 31 December 2017.
- Trade receivables and other receivables - they amounted to PLN 39,323 thousand, that is 13.1% of total assets. They were by 43.9% higher than as at the end of 2017. The increase stems from receiving higher discounts when compared to 2017 and also from development of Group's operating activities.

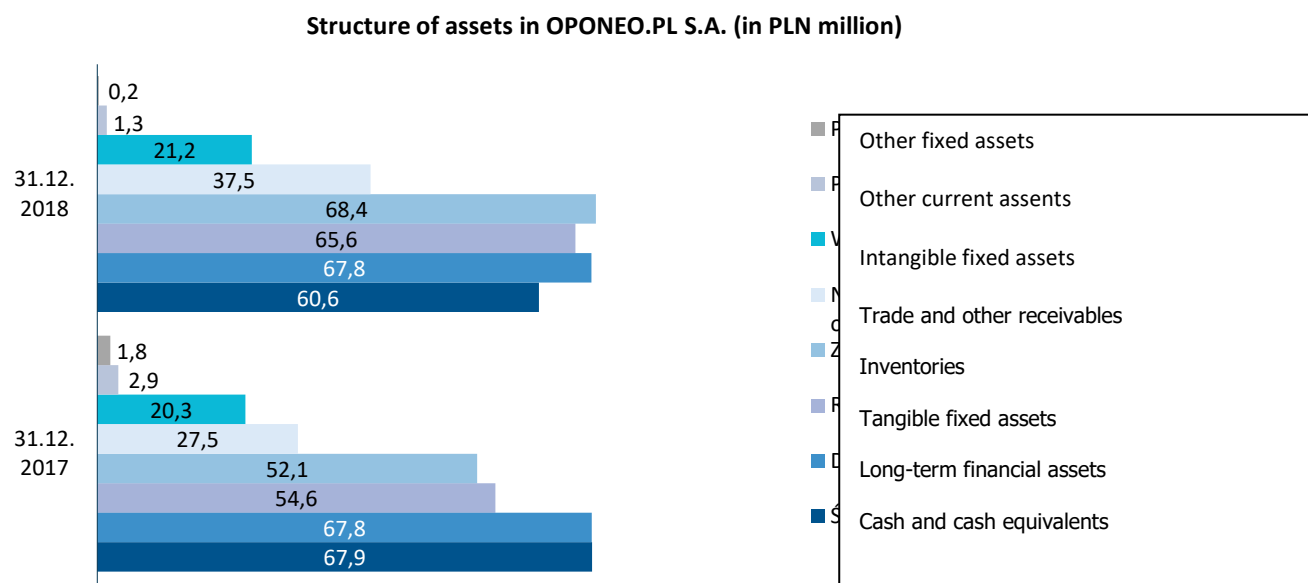
**Structure of liabilities of the OPONEO.PL Group (in PLN million)**



On 31 December 2018, the OPONEO.PL Group financed its activities in 54.2% from its own resources. Equity was PLN 163,074 thousand compared to PLN 151,604 thousand at the end of 2017 (an increase of 7.6%). A significant share in the Group's total balance sheet also comes from short-term trade payables and other liabilities of PLN 126,503 thousand (42.1% of liabilities). Their size increased by 14.26% compared to the end of 2017.

### 2.2.2. OPONEO.PL S.A.

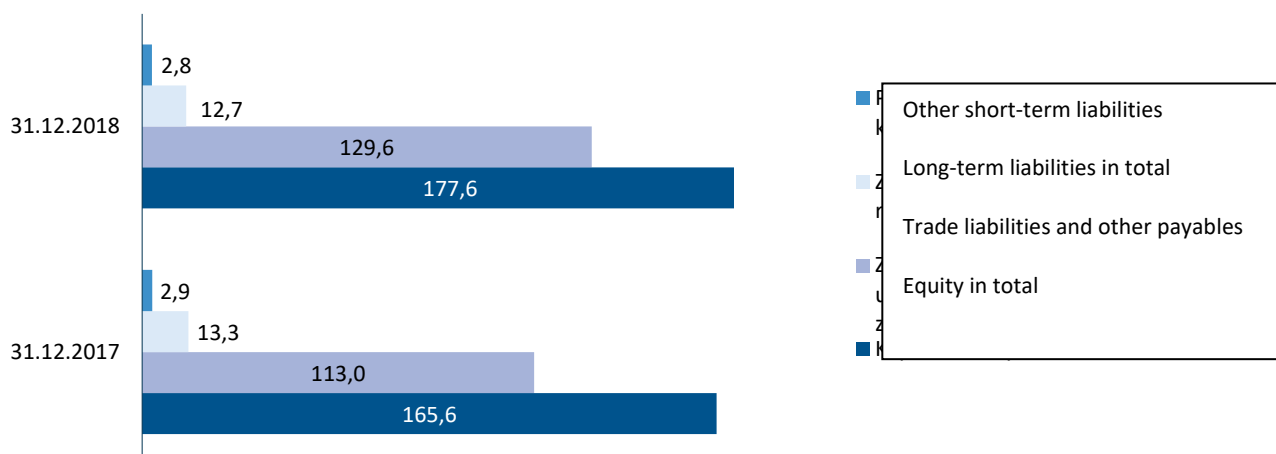
On December 31, 2018, total assets of OPONEO.PL S.A. amounted to PLN 322,623 thousand and were 53.9% higher than at the end of 2017.



The main elements of the Company assets are:

- Cash and cash equivalents - as at 31 December 2018 they amounted to PLN 60,552 thousand, i.e. 18.8% of assets. Their level was 10.8% lower than at the end of 2017. The drop is related to increase in expenses on fixed assets and increase of stock levels.
- Long-term financial assets in the form of shares in subsidiaries and associates amounted to PLN 67,830 thousand, that is the same amount as in 2017. They accounted for 21.0% of assets.
- Tangible fixed assets of PLN 65,598 thousand (20.3% of assets) were 20.1% higher than at the end of 2017. It is the result of investment in fixed assets (related to equipping of buildings and warehouses).
- Inventories valued at PLN 68,351 (21.2% of assets) - during the year they increased by 31.3%. Increase in the Company's business volumes lead to higher stock levels of commercial goods. These goods are moving properly and are sold under current tyre change seasons.
- Trade receivables and other receivables - they amounted to PLN 37,535 thousand, that is 11.6% of total assets. Their value was 36.4% higher than at the end of 2017. The receivables resulted mainly from cycles of settlement with courier companies and cashless payment operators as at the reporting date.
- Intangible fixed assets - valued at PLN 21,163 thousand (6.6% of assets). They were by 4.4% higher than as at 31 December 2017.

Structure of liabilities in OPONEO.PL S.A. (in PLN million)



On 31 December 2018, equity accounted for 55.0% of the Company's liabilities. They amounted to PLN 177,594 thousand against PLN 165,640 thousand at the end of 2017 (increase by 7.2%). At the General Meeting of Shareholders of OPONEO.PL S.A., held on 12 June 2018, the shareholders decided to transfer PLN 11,835 thousand of profit for the year 2018 to the Company's supplementary capital.

A significant share in the total balance sheet of OPONEO.PL S.A. also came from short-term trade payables and other liabilities of PLN 129,595 thousand (40.2% of liabilities). Their value increased by 14.7% compared to the end of 2017.

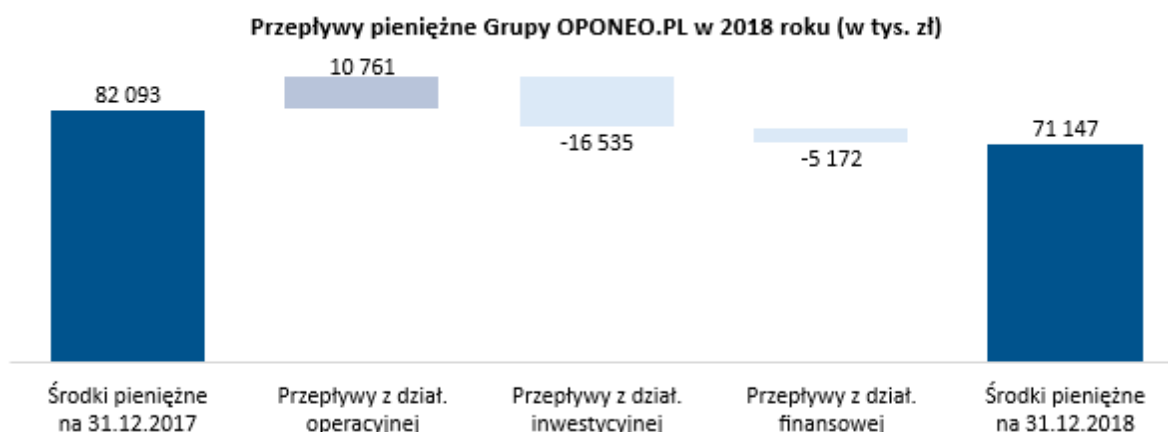
## 2.3. CASH FLOWS

### 2.3.1. OPONEO.PL Group

In 2018, the OPONEO.PL Group had PLN -10,946 thousand in cash flows, compared to PLN -12,495 thousand in 2017. They consisted of:

- Positive cash flows from operating activities of PLN 10,761 thousand.  
The following had positive impact on cash flows: generating profit (PLN 16,393 thousand), change in liabilities excluding loans and borrowings (PLN 16,629 thousand) and amortisation and/or depreciation (PLN 5,333 thousand). While cash flows from operating activities were negatively impacted mainly by higher inventories (PLN 15,596 thousand) and change in the level of liabilities (PLN -12,007 thousand). Last year, cash flows from operating activities amounted to PLN 24,444 thousand.
- Negative cash flows from investing activities amounting to PLN -16,535 thousand.  
This resulted mainly from: purchase of intangible fixed assets as well as tangible fixed assets (PLN -7,676 thousand) which resulted mainly from expenditures on projects, investments in real property and intangible fixed assets (PLN -9,789 thousand), which is related to equipping of buildings and warehouses. In the previous year, cash flows from investing activities reached PLN -37,823 thousand.
- Negative cash flows from financial activities amounting to PLN -5,172 thousand.  
In 2018, loans and borrowings received (PLN 29,467 thousand) were balanced by repayment of this type of liabilities (PLN -29,535 thousand). Cash flows from financial activities were negative due to payment of dividend (PLN -4,878 thousand). Cash flows from financial activities amounted to PLN 884 thousand in 2017.

As at the end of 2018, the OPONEO.PL Group had PLN 71,147 thousand of cash, PLN 56,546 thousand of which was in the Polish zloty and PLN 9,349 thousand in euro. Cash amounted to PLN 82,093 thousand in the previous year.



### 2.3.2. OPONEO.PL S.A.

In 2018, the OPONEO.PL S.A had PLN -7,342 thousand in cash flows, compared to PLN -17,218 thousand in the previous year. They consisted of:

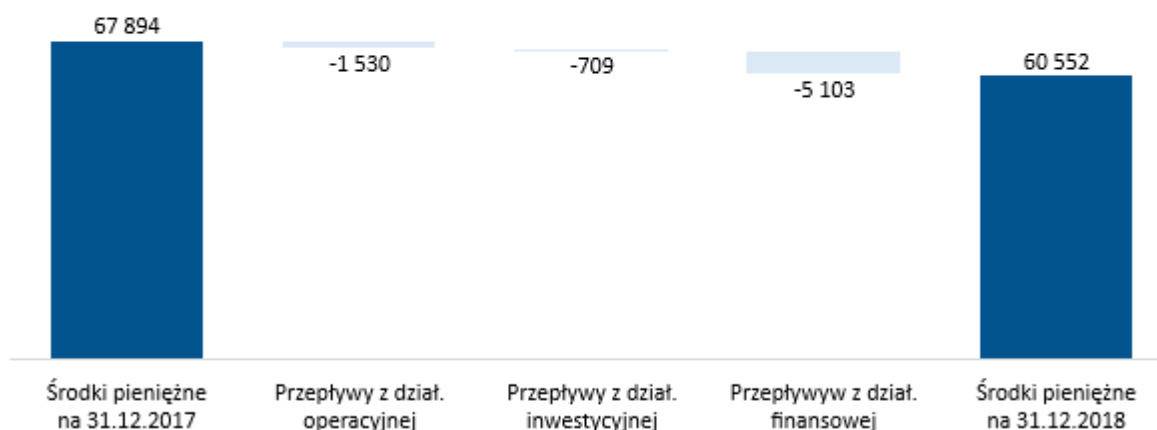
- Negative cash flows from operating activities of PLN -1,530 thousand.  
The following had positive impact on cash flows: generating profit (PLN 16,832 thousand), change in liabilities (PLN 16,578 thousand) and amortisation and/or depreciation (PLN 5,112 thousand). On the other hand,

change in inventories (PLN -16,239 thousand), interests and dividends (PLN -14,614 thousand) and change in receivables (PLN -10,023 thousand) had negative impact on cash flows. Last year, cash flows from operating activities amounted to PLN 12,257 thousand.

- Negative cash flows from investing activities amounting to PLN -709 thousand.  
It resulted from balancing the positive impact of dividends and share in profits (PLN 14,614 thousand) and also inflows from repayment of the loan granted to Dadelo S.A. qualified as other investment inflows (PLN 7,500 thousand) and negative influence of expenditure on investment in real estate and other intangible fixed assets (PLN -9,789 thousand), acquisition of intangible and tangible fixed assets (PLN -7,639 thousand) and other investment expenditures (PLN -5,500 thousand). In the previous year, cash flows from investing activities reached PLN -25,991 thousand.
- Negative cash flows from financial activities amounting to PLN -5,103 thousand.  
In 2018, loans and borrowings received (PLN 29,467 thousand) were balanced by repayment of this type of liabilities (PLN -29,467 thousand). Cash flows from financial activities were negative due to payment of dividend (PLN -4,878 thousand). Cash flows from financial activities amounted to PLN -3,484 thousand in 2017.

As at the end of 2018, OPONEO.PL S.A. had PLN 60,552 thousand of cash of which PLN 47,502 thousand was in the Polish zloty and PLN 8,519 thousand in euro. Cash amounted to PLN 67,894 in the previous year.

Przepływy pieniężne Grupy OPONEO.PL w 2018 roku (w tys. zł)





## 2.4. CHANGES IN EQUITY

### 2.4.1. OPONEO.PL Group

At the end of 2018, the Group's equity amounted to PLN 163,074 thousand, compared to PLN 151,604 in the previous year.

In addition to the profit of the current period, the effect on its size was the increase of supplementary capital as a result of sharing the profit of OPONEO.PL S.A for the year 2018.

### 2.4.2. OPONEO.PL S.A.

On 31 December 2018, the Company's equity amounted to PLN 177,594 thousand compared to PLN 165,640 thousand at the end of 2017.

## 2.5. FINANCIAL RATIOS

### 2.5.1. OPONEO.PL Group

In 2018, the OPONEO.PL Group noted an improvement in gross sales margin. It reached the level of 19.2%, that is 0.7% higher than in 2017. Compared to 2017, EBIT margin was 2.9%, an increase of 0.7 p.p. EBITDA margin, which was 3.5%, increased year-on-year by 0.7 p.p. Net profit margin was 1.9%, a year-on-year decrease of 0.6 p.p. The slight decrease roots from lower net profit than the year before, which was caused by higher fiscal burdens.

In 2018, the return on assets was 5.4%, that is a year-on-year decrease of 1.0 p.p. The return on equity was 10.1%, a year-on-year decrease of 1.5 p.p.

Profitability ratios %	2018	2017
<b>EBIT Margin in %</b> (EBIT / Sales revenues) x 100%	2.9%	2.2%
<b>EBITDA Margin in %</b> (EBITDA / Sales revenues) x 100%	3.5%	2.8%
<b>Gross margin on sales in %</b> (Gross profit from sales / Sales revenues) x 100%	19.2%	18.5%
<b>Net profit margin (loss) in %</b> (Net profit / Sales revenues) x 100%	1.9%	2.5%
<b>Return on Assets - ROA</b> (Net Profit / Assets) x 100%	5.4%	6.4%
<b>Return on Equity - ROE</b> (Net Profit / Equity) x 100%	10.1%	11.6%

At the end of 2018, financial situation of the OPONEO.PL Group was satisfactory.

Liquidity and debt ratios	31.12.2018	31.12.2017
<b>Current liquidity ratio</b> (Current assets / Short-term liabilities)	1.43	1.49
<b>Quick Liquidity Ratio</b> (Current assets - inventories - accrued expenses) / Short-term liabilities	0.85	0.96
<b>Cash liquidity ratio</b> (Cash and cash equivalents / short-term liabilities)	0.54	0.72
<b>Total debt ratio in %</b> (Total liabilities / Total assets) x 100%	45.8%	44.6%
<b>Equity-to-fixed-assets ratio</b> (fixed assets / equity) x 100%	69.9%	68.4%

In 2018, inventories were rotating slower than in the previous year. At the same time, receivables turnover cycle was longer. In turn, liabilities turnover cycle was shorter. A positive value for the cash conversion cycle means effective cash turnover.

Asset turnover ratios	2018	2017
<b>Inventory cycle in days</b> (Inventories*360 / Prime costs of the sale)	39.96	37.38
<b>Receivables cycle in days</b> (Trade and other receivables*360 / Sales revenues)	16.97	13.88
<b>Current liabilities cycle in days</b> (Short-term liabilities*360 / Sales revenues)	55.58	58.08
<b>Cash cycle in days</b> (inventories cycle + receivables cycle - current liabilities cycle)	1.17	-6.82

#### 2.5.2. OPONEO.PL S.A.

In 2018, the Company improved its gross profitability on sales. It reached 18.8% compared to 18.3% in the previous year. EBIT margin, which was 0.9%, increased year-on-year by 0.5 p.p., whereas EBITDA margin, which was 1.5%, increased by 0.5 p.p. when compared to 2017. Increase of the above profitability ratios results from growth of the scale of operations. In 2018, the net profit margin was 2.1%, which means a year-on-year drop of 0.3 p.p. The decrease of this ratio results from lower net profit as a consequence of higher income tax. However, it should be stressed that rates of return on assets or equity were relatively high.

Profitability ratios %	2018	2017
<b>EBIT Margin in %</b> (EBIT / Sales revenues) x 100%	0.9%	0.4%
<b>EBITDA Margin in %</b> (EBITDA / Sales revenues) x 100%	1.5%	1.0%
<b>Gross margin on sales in %</b> (Gross profit from sales / Sales revenues) x 100%	18.8%	18.3%
<b>Net profit margin (loss) in %</b> (Net profit / Sales revenues) x 100%	2.1%	2.4%
<b>Return on Assets - ROA</b> (Net Profit / Assets) x 100%	5.2%	5.7%
<b>Return on Equity - ROE</b> (Net Profit / Equity) x 100%	9.5%	10.1%

Liquidity ratios are satisfactory. What is more, total debt ratio was relatively low.

Liquidity and debt ratios	31.12.2018	31.12.2017
<b>Current liquidity ratio</b> (Current assets / Short-term liabilities)	1.26	1.29
<b>Quick Liquidity Ratio</b> (Current assets - inventories - accrued expenses) / Short-term liabilities	0.74	0.84
<b>Cash liquidity ratio</b> (Cash and cash equivalents / short-term liabilities)	0.46	0.58
<b>Total debt ratio in %</b> (Total liabilities / Total assets) x 100%	45.0%	43.8%
<b>Equity-to-fixed-assets ratio</b> (fixed assets / equity) x 100%	87.8%	87.3%

In 2018, inventories were rotating slower than in the previous year. At the same time, receivables turnover cycle was longer. In turn, liabilities turnover cycle was shorter. Negative value for the cash cycle indicates that the Company managed the merchant loan appropriately.

Asset turnover ratios	2018	2017
<b>Inventory cycle in days</b> (Inventories*360 / Prime costs of the sale)	37.31	33.00
<b>Receivables cycle in days</b> (Trade and other receivables*360 / Sales revenues)	16.65	14.24
<b>Current liabilities cycle in days</b> (Short-term liabilities*360 / Sales revenues)	58.71	60.01
<b>Cash cycle in days</b> (inventories cycle + receivables cycle - current liabilities cycle)	-4.75	-13.29

## 2.6. OTHER FINANCIAL INFORMATION

### 2.6.1. Loans and borrowings

OPONEO.PL S.A. has the possibility to use a multipurpose credit line taken from the BGŻ BNP Paribas Bank. The credit term was determined as a period until 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.

The credit line is secured by the following:

- blank promissory note,
- capped mortgage up to PLN 25,000,000,
- assignment of insurance claims,
- borrower's declaration of submission to Bank's debt enforcement,
- • registered pledge on stocks,
- transfer of existing and future receivables for all commercial receivables which are payable to the Borrower from all its debtors,

As at 31 December 2018, the value of the granted credit line was PLN 65,000 thousand. The line had not been used as at 31 December 2018.

### 2.6.2. Receivables and off-balance sheet liabilities

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

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. The guarantee was valid until 30 January 2018. On 25 January 2018, BGŻ BNP Paribas issued another guarantee in the amount of EUR 289,825.29, and it was 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 was valid until 30 January 2019.

Currently the Company has two existing guarantees issued on 18 December 2018, they amount to: EUR 289,825.28 and EUR 214,552.98 and are valid until 30 January 2020.

The Company still uses fixed assets (cars) in accordance with lease agreements, entered into with Millenium Leasing Sp. z o.o. with its registered office in Warsaw, concluded for the period of 24 months and for the amount of PLN 1,451 thousand. The collateral is blank bills of exchange without protest issued by the Company.

In 2018, there were no significant off-balance sheet items in the OPONEO.PL Capital Group.

## 2.7. PROSPECTS OF OPONEO.PL GROUP AND OPONEO.PL S.A.

### 2.7.1. External factors affecting results

#### GDP growth

According to the analysis carried out by the Monetary Policy Council, incoming data indicate economic downturn in some of the largest economies accompanied by higher uncertainty regarding expected activity in global economy during the incoming quarters. GDP growth in the euro area in the 4th quarter of 2018 was lower than in the 1st half of the previous year, and available forecasts indicate its further weakening in the current year. Economic situation in the United States is still good, but slight slowdown of GDP growth is expected. Growth rate of economic activity is still gradually decreasing in China. The European Central Bank (ECB) keeps interest rates close to zero, including deposit rate kept below zero. At the same time, the ECB still invests resources from maturing securities. The US Federal Reserve keeps interest rates unchanged<sup>22</sup>.

According to the March GDP growth projection of the Monetary Policy Council's, with 50-percent probability, GDP will be between 3.3-4.7% in 2019 (compared to 2.7-4.4% in the projection of November 2018). The Council maintains that the prospects for economic situation are good. However, there will probably be a steady decrease of the GDP growth rate in the coming quarters. At the same time, inflation will remain at moderate level, and it will fluctuate near the inflation target in the horizon of monetary policy's influence. The Council claims that the current level of interest rates help to keep the Polish economy on the path of sustainable growth and allows maintaining macroeconomic balance<sup>23</sup>.

#### E-commerce development

According to the latest data from the Statista Digital Market Outlook, Poland is ranked 13 on the list of the fastest growing e-commerce markets in the world. The forecast estimates that its value should increase by 6 billion dollars within the period from 2018 to 2022. The total value of the global e-commerce market increased in 2018 by 16 percent when compared to 2017, when total annual expenditure via the Internet reached 1.5 billion dollars. Globally, 1.8 billion people shop online, of which about 15 million in Poland<sup>24</sup>.

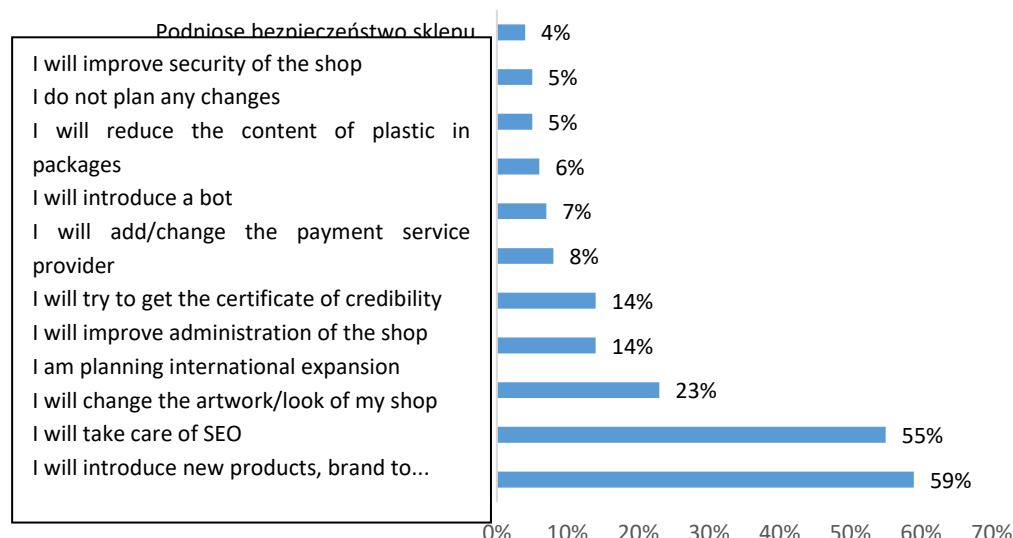
Respondents asked by authors of the analysis - "Jak wygląda polski e-handel? RAPORT 2018: MULTIWYZWANIA", are going to focus on the expansion of the existing product range of online shops. Such answer was selected by 59% of the questioned entrepreneurs. Secondly, they plan to ensure proper search engine optimisation of online shops (55% of responses). Change of the shop's graphic design was the 3rd most popular answer (23% of responses). It is also worth stressing that 14% of respondents consider developing their businesses through international expansion. Development of cutting-edge technologies, IT and growing environmental awareness also shape trends on the e-commerce market - 6% of respondents consider introduction of a bot, and 5% of them plan reducing the amount of plastic in packaging.

<sup>22</sup> Information after the meeting of the Monetary Policy Council held on 5-6 March 2019, [https://www.nbp.pl/polityka\\_pieniezna/dokumenty/files/rpp\\_2019\\_03\\_06.pdf](https://www.nbp.pl/polityka_pieniezna/dokumenty/files/rpp_2019_03_06.pdf)

<sup>23</sup> Ibid.

<sup>24</sup> Report "E-commerce 2019", <https://interaktywnie.com/biznes/artykuly/raporty-interaktywnie-com/raport-interaktywnie-com-e-commerce-2019-258454>

## Changes planned by online shops in 2019



## Legal changes

As a result of the referendum of 23 June 2016, the United Kingdom of Great Britain and Northern Ireland decided to leave the European Union, referring to the procedure described in Art. 50 of the Treaty establishing the European Community (the so-called Brexit). The day of Brexit, which was initially set at 29 March 2019, was later unanimously postponed to 12 April 2019 or 22 May 2019 (depending on whether an agreement defining the terms and conditions of Brexit will be made). Therefore, currently there is legal uncertainty whether the Brexit will actually take place and, if so, under what conditions. There is especially a significant risk of “hard” Brexit, that is without an agreement.

It is of high relevance to the OPONEO.PL Group, as the United Kingdom is one of the key international markets for the Group. Meanwhile, in the case of Brexit, the EU Member States, including Poland, will apply such provisions to the United Kingdom as to a third country. This may in particular involve the need of additional taxing of exported goods (VAT or excise), paying duties and also introduction of formal difficulties - especially concerning submission of customs declarations and bills of entry. As a result, Brexit may lead to higher costs and decline in OPONEO.PL Group's sales in the territory of the United Kingdom - which will translate into the expected financial results.

The obligation to replace summer tyres for winter ones may be beneficial and boost the demand for tyres.

In Poland such obligation does not exist. In the following countries, in which OPONEO.PL operates, there is also no obligation to have winter tyres: The Netherlands, Belgium, United Kingdom, Ireland, Turkey, Hungary and France (except for the French Alps region). In Germany, there is a situational obligation to have winter tyres. The requirement for winter tyres is present in Austria, the Czech Republic and Slovakia.

The level of competitiveness of Polish carriers, and thus the demand for tyres for trucks, will be affected among others by:

- possible amending of the Posting of Workers Directive and introducing the obligation to pay wages to a worker posted from Poland comparable to the local wages of a worker at the same position; there are proposals for the Directive to be fully applicable also to drivers;

- 
- adopting the road package by the European Commission – according to the proposed road package, a professional driver should use at least two regular and two short weekly rest periods within four weeks;

amending environmental provisions – some European cities consider introducing a ban on Diesel vehicles.

#### 2.7.2. Planned actions

In 2019, the OPONEO.PL Group plans to:

- strengthen its position as a leader of online tyre sales in Poland through further development of tyre sales, for example on the basis of cooperation with garages;
- optimise sales in foreign markets;
- develop sales of bicycles and bicycle parts and accessories via Dadelo S.A.;
- carry out activities for expanding the range of products offered online;
- improve logistics processes, including introduction of automation of goods release.

### 3. ACTIVITIES OF the OPONEO.PL Group in 2018

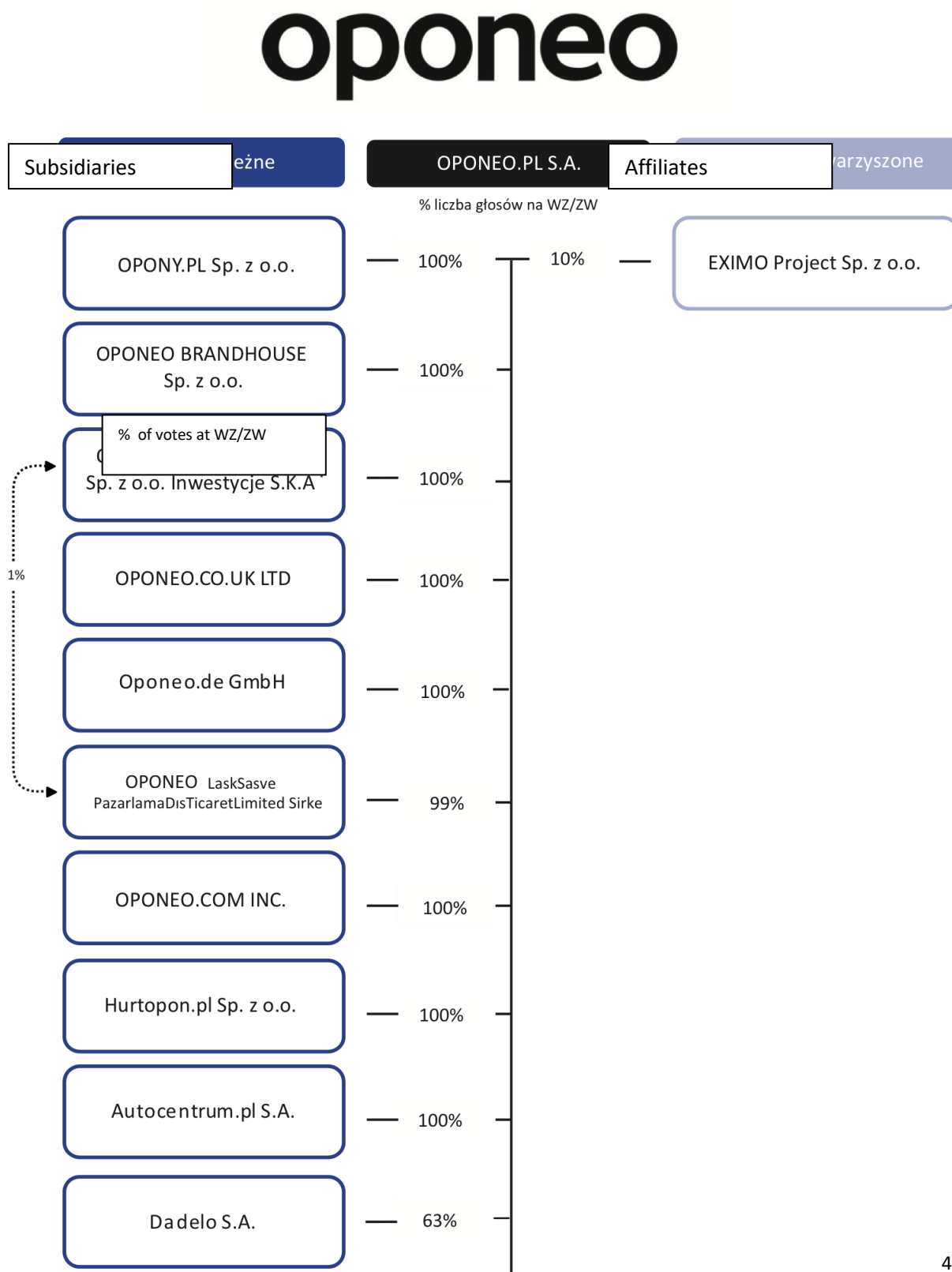




### 3. ACTIVITIES OF THE OPONEO.PL GROUP IN 2018

#### 3.1. STRUCTURE OF THE OPONEO.PL GROUP

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



The OPONEO.PL Capital Group consists of entities operating on the e-commerce market or in the sphere of its infrastructure. OPONEO.PL S.A. – as a parent company – exercises control functions in supervisory bodies of companies and makes key decisions on both the scope of activities and the finances of the entities forming the Group. Capital relations of OPONEO.PL S.A. with the companies strengthen trade ties. The Company's transactions with its subsidiaries are carried out on an arm's length basis.

On 2 January 2018, an entry was made into the Register of Entrepreneurs of the National Court Register aimed at re-registering Dadelo Sp. z o.o. as Dadelo S.A.

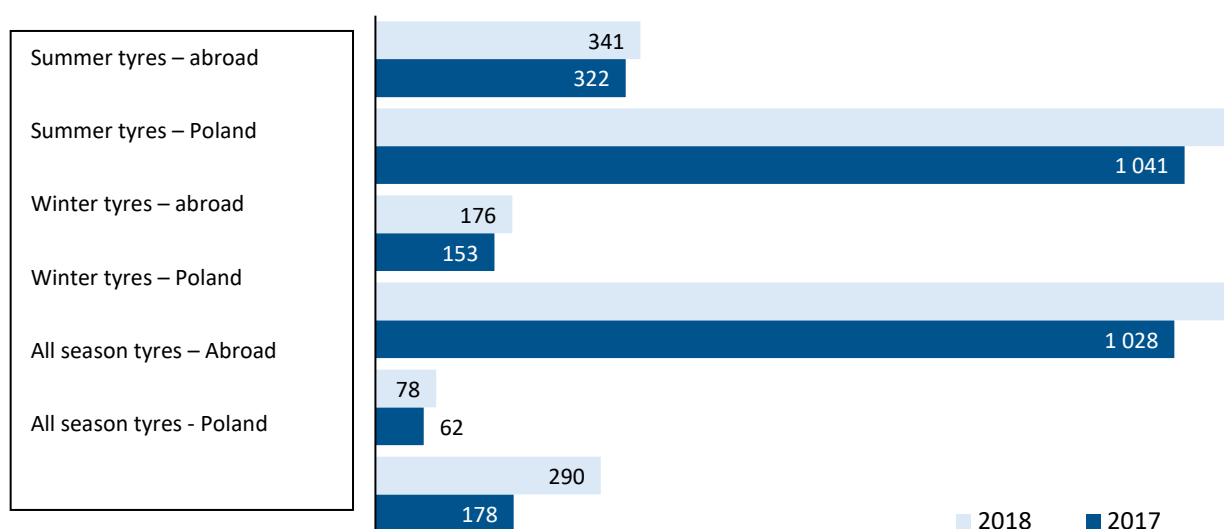
As at the date of publication of the report, OPONEO.PL S.A. has 100% stake in the subsidiary Dadelo S.A.

### 3.2. OPONEO.PL GROUP'S SALES STRUCTURE

In 2018, the OPONEO.PL Group sold 3,281.4 thousand tyres, by 17.9% more than a year earlier. Most sales took place in Poland – here the Group sold 2,685.8 thousand tyres, that is 81.1% of the entire volume. In turn, 595.6 thousand tyres were sold abroad (an increase of 2% compared to 2017).

Number of tyres sold by the OPONEO.PL Group	2017			2018			Change y/y – total
	Domestic	Foreign	In total	Domestic	Foreign	In total	
Car tyres	2 230 860	484 089	2,714,949	2,668,304	554,071	3,222,375	18.69%
Motorcycle tyres	14 623	52412	67,035	16,200	41,530	57,730	-13.88%
Truck tyres	1 507	1	1,508	1,322	3	1,325	-12.14%
<b>In total</b>	<b>2 246 990</b>	<b>536 502</b>	<b>2,783,492</b>	<b>2,685,826</b>	<b>595,604</b>	<b>3,281,430</b>	<b>17.89%</b>

Number of tyres sold by the OPONEO.PL Group  
(w thous. pcs)



Summer tyres had the highest share in sales structure. In total, 1,545 thousand pcs were sold abroad and in the country, and their sales increased by 13.5% in relation to 2017.

Sales of winter and all-season tyres were characterised by relatively high dynamics. In 2018, the Group sold 1,368 thousand winter tyres, i.e. 15.8% more than in the previous year. In the case of all-season tyres, the value reached 368 thousand, an increase of 53.3%.

In 2018, the OPONEO.PL Group sold 122.9 thousand wheels (both aluminium and steel), i.e. 8.2% more than in the previous year.

Number of wheels sold by the OPONEO.PL Group	2017			2018			Change y/y – total
	Domestic	Foreign	In total	Domestic	Foreign	In total	
Aluminium wheels	41,816	4,475	46,291	48,236	7,701	55,937	20.80%
Steel wheels	41,122	26,151	67,273	42,570	24,353	66,923	-0.50%
<b>In total</b>	<b>82,938</b>	<b>30,626</b>	<b>113,564</b>	<b>90,806</b>	<b>32,054</b>	<b>122,860</b>	8.20%

### 3.3. BUSINESS ACTIVITIES OF THE OPONEO.PL GROUP'S COMPANIES

#### 3.3.1. OPONEO.PL S.A.

##### Core business

The core business of OPONEO.PL LTD is retailing tyres and wheels via the Internet, using proprietary e-commerce and IT solutions. The company offers tyres for passenger cars, light commercial vehicles, off-road vehicles (4x4) and quads, steel and aluminium wheels and also snow chains and other automotive accessories.

As at the date of publication of the annual report, the Group carries out online sales of tyres and wheels in Poland and 14 other countries.

At the end of 2018, the following internet portals were directly owned by the Company:

- Oponeo.pl – online shop for tyres and wheels in Poland, offering the supply of tyres to 1,129 tyre fitting stations;
- Felgi.pl – e-shop specialising in the sale of aluminium wheels; the website also features a unique possibility of virtual fitting of wheels;
- Oponeo.cz – online shop offering tyres in the Czech Republic
- Oponeo.sk – e-shop in Slovakia, selling tyres for cars and motorcycles as well as wheels;
- Pneus-oponeo.be – a domain in French, dedicated to sales of tyres and wheels in Belgium;
- Pneus-oponeo.be – a domain Flemish language, dedicated to sales of tyres and wheels in Belgium;
- Oponeo.es – a website which sells tyres, wheels and snow chains on the Iberian Peninsula, cooperating with 1,351 tyre fitting stations;
- Oponeo.fr – e-shop with tyres, wheels and snow chains for customers in France, offering delivery of tyres to 1,152 tyre fitting stations;
- Oponeo.it – e-shop with tyres, wheels and snow chains for customers in Italy, offering delivery of tyres to 1,615 tyre fitting stations;
- Oponeo.nl – an online store selling tyres, steel wheels and snow chains and the possibility of delivery to 434 tyre fitting stations in the Netherlands, with free delivery in the country;
- Oponeo.at – online sales of tyres, steel wheels and snow chains in Austria;
- Oponeo.ie – e-shop with car and motorcycle tyres and wheels, with free tyre delivery in Ireland;
- Oponeo.hu – e-shop which carries out sales of tyres and wheels in Hungary;

At the end of 2018, the Company offered free delivery of tyres to 1,129 fitting stations in Poland. The number of partner sites increased by 4.4% compared to the end of 2017. In 2018, 8.79% of OPONEO.PL customers benefited from the on-line shopping service, with the possibility of booking free tyre replacement in one of the affiliate services.

##### Sales results

In 2018, OPONEO.PL S.A sold 3,070.4 thousand tyres, i.e. by 19.2% more than in the previous year.

2,685.8 thousand of tyres were sold in Poland, that is 87.5% of the total number of tyres sold. The sales were 19.5% higher than in the previous year. Sales of tyres via international websites reached 384.6 pcs, and it increased by 17% when compared to the year 2017.

Most products sold by the Company were car tyres (98.1% of all tyres sold).

Number of tyres sold by OPONEO.PL S.A.	2017	2018	Change y/y – total
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	Domestic	Foreign	In total	Domestic	Foreign	In total	
Car tyres	2,230,860	296,043	2,526,903	2,668,280	356,840	3,025,120	19.72%
Motorcycle tyres	14,623	32,515	47,138	16,200	27,752	43,952	-6.76%
Truck tyres	1,507	0.00	1,507	1,322	10	1,332	-11.61%
<b>In total</b>	<b>2,246,990</b>	<b>328,558</b>	<b>2,575,548</b>	<b>2,685,802</b>	<b>384,602</b>	<b>3,070,404</b>	<b>19.21%</b>

In 2018, the Company sold 111.9 thousand wheels (an increase of 8.2% compared to the previous year).

Number of wheels sold by OPONEO.PL S.A.	2017			2018			Change y/y – total
	Domestic	Foreign	In total	Domestic	Foreign	In total	
Aluminium wheels	31 274	2 617	33 891	41 902	2 516	44 418	31.1%
Steel wheels	31 159	17 470	48 629	41 240	18 076	59 316	22%
<b>In total</b>	<b>62 433</b>	<b>20 087</b>	<b>82 520</b>	<b>83 142</b>	<b>20 592</b>	<b>103 734</b>	<b>25.7%</b>

### Organisation and infrastructure

The company has a modern logistics centre located in Bydgoszcz, occupying a total of 28,000 m<sup>2</sup> of space. It is able to send more than 35 thousand tyres a day to individual customers. The Company also uses the services of a logistics centre in Siechnice, owned by 3LP S.A. It is located to the south-east of Wrocław, by the city's eastern ring road which is conveniently connected with the A4 motorway, and in future it will be also joined with the S8 express road.

Internet sales are realized by means of IT solutions developed independently by the IT Department being an integral part of the Company. In 2018, new firewalls, traffic balancers and edge routers were purchased and server room was expanded with new cooling systems for the purpose of improving safety and security of IT systems.

Also, investments in the scope of expansion of the Company's head office in Bydgoszcz were carried out in 2018. As a result, the Company gained necessary facilities for further dynamic growth.

As at 31 December 2018, the Company had 323 employees, whereas 254 persons were employed in the Company at the end of 2017. 49.8% of employees were working in the Commercial Department.

Employment in OPONEO.PL S.A.	31 December 2017	31 December 2018
Sales Department	120	161
IT	42	54
Warehouse	23	47
Other departments	69	61
<b>In total</b>	<b>254</b>	<b>323</b>

### Awards and honourable mentions

In 2018 the President of OPONEO.PL S.A., Dariusz Topolewski, won the Digital Shapers award in the Digital Transformation category. Digital Shapers awards outstanding personalities of the digital world and new technologies in Poland.

OPONEO.PL S.A. was also given certifications of Michelin Approved Website and Continental Approved Website, guaranteeing high quality at every stage of tyre purchase.

### 3.3.2 Business activities of other companies

#### **Opony.pl Sp. z o.o.**

The core business of Opony.pl Sp. z o.o., based in Bydgoszcz is wholesale of parts and accessories for motor vehicles. The Company owns the Opony.pl online shop.

As at 31 December 2018, the share capital of Opony.pl Sp. z o.o. was PLN 1,225 thousand and had not changed in the course of that year. As at 31 December 2018, the Company's equity amounted to PLN 1,623 thousand, compared to PLN 1,496 thousand a year earlier. In 2018, the Company achieved PLN 131 thousand net profit, compared to PLN 171 thousand in 2017.

The function of a President of the Management Board was performed by Filip Fischer, and from 11 May 2018 - Wojciech Topolewski.

#### **OPONEO BRANDHOUSE Sp. z o.o.**

OPONEO BRANDHOUSE Sp. z o.o. based in Bydgoszcz operates in the field of intellectual property rights management (including trademark rights) and marketing activities.

As at 31 December 2018, the Company's share capital amounted to PLN 28,921 thousand and had not changed during the year. As at 31 December 2018, the Company's total assets amounted to PLN 34,090 thousand, compared to PLN 32,875 thousand in the previous year. In 2018, the net profit of OPONEO BRANDHOUSE Sp. z o.o. amounted to PLN 14,178 thousand, whereas in 2017 it was PLN 11,866 thousand.

The function of the President and the only member of the Management Board was performed by Filip Fischer until 11 May 2018 and by Wojciech Topolewski after that date.

#### **OPONEO BRANDHOUSE Sp. z o.o. Inwestycje S.K.A.**

The core business of OPONEO BRANDHOUSE Sp. z o.o. Inwestycje Spółka Komandytowo-Akcyjna (a limited joint-stock partnership) with its registered office in Bydgoszcz was the management of shares in Rotopino.pl S.A., whose shares were sold by OPONEO.PL S.A. in 2016.

As at 31 December 2018, share capital of that company amounted to PLN 100 thousand. The general partner of the Company is OPONEO BRANDHOUSE Sp. z o.o.

As at 31 December 2018, the Company's assets amounted to PLN 5,116 thousand, compared to PLN 5,106 thousand a year before. In 2018, its financial result reached PLN 14 thousand, compared to the net profit of PLN 56 thousand generated in 2017.

#### **HURTOPON.PL Sp. z o.o.**

HURTOPON.pl Sp. z o.o. with its registered office in Bydgoszcz was established in 2005. The Company's core business is to provide companies in the tyre, automotive and transportation industries with an online trading platform. On this platform wholesalers can place offers for sale and purchase of tyres and wheels.

HURTOPON.pl Sp. z o.o. does not offer any products on its own and is not a contractual party in agreements between users and suppliers.

As at 31 December 2018, share capital of that company amounted to PLN 360 thousand and did not change during the year.

As at 31 December 2018, the Company's assets amounted to PLN 242 thousand, compared to PLN 283 thousand a year earlier. In 2018, the Company recorded PLN 35 thousand net loss, compared to PLN 1 thousand net profit in 2017.

In 2018, Krzysztof Huss was the Company's President. The Management Board of the Company was a one-man Board.

#### **AutoCentrum.pl S.A.**

AutoCentrum.pl S.A., based in Kraków, is a company operating in the field of new media. Its activity is focused on the Internet market.

As at 31 December 2018, share capital of that company amounted to PLN 500 thousand.

The AutoCentrum.pl website, maintained by the company, was created on the basis of the idea of "users for users". Since its establishment, that is from the year 2000, it is a leading automotive medium thanks to development of own websites, sourcing content from users and creating new websites which are tailored to the needs of recipients. It offers solutions to drivers, for example Cost log and Virtual breathalyser. It also shares guides: *LPG calculator*, *petrol or diesel?*, *Loan or lease?* and links to online shops offering car parts.

Since long, AutoCentrum.pl is among the most popular Polish automotive websites. In 2018, the website had 21 million of unique users who generated 279 million hits.

As at 31 December 2018, assets of AutoCentrum.pl S.A. amounted to PLN 1,226 thousand. In 2018, the Company achieved a net profit of PLN 454 thousand. In 2000 these figures were respectively: PLN 1,561 thousands and PLN 767 thousands.

In 2018, the Board of AutoCentrum.pl S.A. was a one-man Board. Zachar Zawadzki was the President of the Management Board.

#### **OPONEO.CO.UK LTD**

The United Kingdom is the second largest, after Poland, market for the OPONEO.PL Group. At the same time, it is the second largest market for replacement tyres in Europe.

The core business of OPONEO.CO.UK LTD with its registered office in London is marketing, wholesale and retail online sales of automotive goods, tyres and car parts. The company operates in the UK via the Oponeo.co.uk platform. Delivery time of goods purchased in the UK is 2-5 working days. As at the end of 2018, the Company cooperated with 701 tyre fitting stations where it delivers its tyres free of charge.

At the end of 2018, the Management Board of the Company comprised of:

- Dariusz Topolewski – President of the Management Board,
- Ernest Pujzo – Member of the Management Board,
- Seweryn Rutkowski – Member of the Management Board.

As at 31 December 2018, the Company's share capital was 100 GBP.

At the end of 2018, assets of OPONEO.CO.UK LTD amounted to PLN 3,126 thousand (compared to PLN 4,112 thousand at the end of 2016). The Company ended the year 2018 with net profit of PLN 584 thousand; in the previous year it amounted to PLN 359 thousand.

#### **Oponeo.de GmbH**

German market is the largest tyre market in Europe. However, it is ranked third when concerning the revenues structure of the OPONEO.PL Group.

The company Oponeo.de GmbH based in Berlin sells tyres, wheels and also spare parts and accessories for cars and motorcycles. The company operates in Germany via the website oponeo.de. Goods are dispatched at the company's expense and are delivered to customers within 2-4 days.

As at 31 December 2018, the Company's share capital was EUR 25 thousand. Company's assets reached PLN 928 thousand, while at the end of the previous year they amounted to PLN 667 thousand. In 2018, the Company experienced a net loss amounting to PLN -143 thousand.

In 2018, Filip Fischer was the President of the one-man Board. Since 1 January 2019, the position has been held by Krzysztof Huss.

#### **OPONEO.COM Inc.**

The company OPONEO.COM Inc. with its registered office in Wilmington was established in 2012. Its object of economic activity is online sales of tyres in the states of California and Nevada via the website oponeo.com.

The company cooperates with 150 local service centres in the scope of tyre fitting.

In 2018, the Management Board of OPONEO.COM Inc was as follows:

- Dariusz Topolewski – President of the Management Board,
- Ernest Pujszo – Vice-President of the Management Board.

As at 31 December 2018, the Company's assets amounted to PLN 134 thousand, compared to PLN 172 thousand a year earlier. In 2018, the company's net financial result was PLN -49, against PLN -40 thousand in 2017.

#### **OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi**

OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi, based in Istanbul, offers a wide range of tyres for cars and motorcycles through the Oponeo.com.tr platform. On the Company's website you can also read popular articles on automotive topics and tips.

As at the end of 2018, share capital of that company amounted to 580 thousand of Turkish lira, and did not change during the year.

The company's management board in 2018 was as follows:

- Ernest Pujszo – President of the Management Board,

As at 31 December 2018, the assets of OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi amounted to PLN 258 thousand, compared to PLN 495 thousand at the end of 2017. In 2018, the company's net financial result was PLN -148 thousand against PLN -132 thousand of net loss a year before.

#### **Dadelo S.A.**

Dadelo S.A sells bikes and it is also Poland's largest online seller of bicycle parts via Dadelo.pl and Centrumrowerowe.pl websites. Additionally, the e-shop assortment includes also: clothing and shoes for fans of cycling, electronic equipment (such as: cyclometers, heart rate monitors, watches, GPS navigations) as well as supplements and beauty products. In total, the online shop offers about 12 thousand products with a unique numeric identifier.

The company cooperates with about 190 bicycle collection points, where customers can pick up ready-to-go bicycles which are purchased online.

The Company's share capital amounted to PLN 1,373.5 thousand at the end of 2018.

The Company's Management Board in 2018 was as follows:



- 
- Ryszard Zawieruszyński – President of the Management Board,
  - Anna Müller – Board Member (until 31 December 2018).

As at 31 December 2018, assets of Dadelo S.A. amounted to PLN 13,943 thousand. According to IAS standards, the Company ended the year 2018 with a loss of PLN 1,616 thousand, compared to a net loss of PLN 1,520 thousand in 2017.

### 3.4. THE BASIC TYPES OF BUSINESS RISK

#### 3.4.1. Financial risk

Elements that affect the OPONEO Group's operations:

- Foreign Exchange risk

The Group conducts trade activities outside of Poland, mainly within the European Union, and therefore fluctuations in exchange rates affect its results. The Group strives to balance revenues and expenses incurred in a given currency and concludes forward hedging transactions in respect of payments and receivables in foreign currency. Approximately one month before the start of the current sales season, OPONEO.PL estimates the amount of foreign exchange purchases. This is the moment when national companies announce their price lists and terms of purchase. These elements are the reference points for deciding on the volume of purchases in a foreign currency. In order to calculate the purchase price in PLN, the exchange rates applicable at the time of estimation of purchases are taken into account. As regards handling and securing foreign exchange transactions, the Parent Entity cooperates with BGŻ BNP Paribas Bank.

- Interest rate risk

Companies in the OPONEO.PL Group use variable rate credit lines, and therefore increases in official interest rates may pose a risk of increased financing costs for the Group. The Group does not use hedging instruments for the interest rate risk.

- Credit risk

The risk may be due to the economic downturn which will worsen the payment situation of counterparties. However, such risk is negligible, as payments for goods are largely carried out by cash on delivery. In the case where the Company grants the buyers' credit to customers, they are verified. In addition, trade receivables are insured at BRU KUKE SA.

- Liquidity risk

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

#### 3.4.2. Risk associated with the macroeconomic situation

The financial situation of the OPONEO.PL Group depends both on the economic situation of Poland and global economic situation, and in particular on:

- the pace of economic growth and the share of consumption in creating GDP growth - the increase in the wealth level of society and the climate conducive to making purchasing decisions translate into an increase in demand for means of transport and their equipment. The recession can lead to:
  - the limitation of demand for tyres and other car accessories, as well as a decrease in their prices and dealer margins; at the same time, a low number of new registrations may have a positive impact on the mid-term tyre demand associated with replacing old tyres with new tyres;
  - the reduction of individual modes of transport due to lack of funds for their maintenance; this will reduce tyre wear and thus reduce the need for replacement;

- monetary policy, including the level of interest rates, which together with the banks' lending policy determine the level of purchases for credit;
- situation on currency markets and situation of the zloty [PLN], influencing the rise in prices of imported goods, may translate into a drop in demand for imported cars and accessories. Depreciation of the local currencies in relation to euro, for which the OPONEO.PL Group purchases the products it sells, has a negative impact on the competitive position of the Group on local markets;
- higher prices of raw materials, especially crude oil and rubber, which will lead to higher tyre prices;
- overproduction of tyres, which may result in a decrease in their prices;
- increasing competition in the market - low entry barriers for online shops, may cause an increase in competitive pressure and decrease margins.

#### 3.4.3. Risk associated with the strategy

Strategy risk is connected with financial consequences which may be caused by wrong decisions concerning the long-term plans of the Group, resulting from inappropriate assessment of factors influencing the company's development; these are in particular:

- the pace of e-commerce development - higher than the Group's long-term plans pace of market development may result in unsuitable sales processes, and the Group may lose its leading position on the market.
- technological developments - i.e. new tyre production technologies, the use of drones in delivery of consignments, etc.;
- future customer preferences, regarding the use of the latest technology (mobile sales, abandonment of private cars for public transport or growing transport of road trailers by rail in order to protect the environment).

#### 3.4.4. Operational risk

While conducting business in the e-commerce area, the OPONEO.PL Group is exposed to the following risks:

- IT risk, i.e. problems related to:
  - ensuring the continuity of the application - any problems with the correct functioning of IT systems could mean a reduction in sales volume or even prevent it from running. In order to prevent occurrence of such a situation, the Group uses high quality hardware with low failure rate and secures itself by a full multiplication of hardware and software;
  - potential system intrusion - connection of IT systems to the Internet creates the potential risk of cyber-crimes, such as hacking and denial of service. The Group does not underestimate this risk by maintaining a team of people responsible for the security of the portal and by applying appropriate security and safety procedures.
- the risk of problems related to logistics, guaranteeing the availability of goods in the warehouse, proper complementation and packing of goods, as well as cooperation with couriers.
- risk associated with an excessive stockpiling - it is the risk of improper assessment, such as weather - large tyre stocks generate additional costs and cause their ageing.

- the risk related to concentration of commodity in one place - any accidental events (fire, flood, etc.) would result in serious disruptions of supply continuity to the recipients. In order to minimize the possible negative effects of this risk factor, a system was implemented to allow systematic backups of all information and possible immediate recovery of an IT network based on an emergency system. There are also insurance contracts that cover any possible losses.
- the risk of outflow of skilled workers - lack of qualified personnel may lead to an increase in errors in order processing.

#### 3.4.5. Legal risk

The activities of the OPONEO.PL Group depend primarily on legal changes in the following areas:

- the tax system - an increase in fiscal burdens can lead to a lower profitability of this activity;
- labour and social security laws that can translate into increased employment costs;
- regulations concerning entities operating in the telecommunications market;
- changes in regulations concerning environmental protection, such as implementing a green tax.

There is also a risk of differences in interpretation of tax laws. The activities of the OPONEO.PL Group and its tax treatment in declarations and tax returns may be considered by the tax authorities to be incompatible. If the tax authorities interpret tax regulations differently than those used to calculate the tax liability made by the Group, such a situation could have a material impact on its business.

### 3.5. RELATIONS WITH CUSTOMERS AND COOPERATION WITH SUPPLIERS

The customers of the OPONEO.PL Group are mainly individual clients. In its activities the Group takes into account their diverse needs and preferences:

- the Group's offer on all markets includes about 65.7 thousand tyres, with 4.5 thousand models from 218 manufacturers. These tyres are no older than 18 months from the date of manufacture. It means that the OPONEO.PL Group applies standards which are twice as restrictive as of the Polish PN-C94300-7 standard;
- Shipping costs - the survey shows that they are one of the key factors that motivate individual customers to shop online. Most of the stores belonging to the OPONEO.PL Group provide customers with free of charge delivery;
- time of delivery - in Poland, purchased goods are usually delivered within 24 hours;
- payment method - customers can use various payment methods, and some stores provide them with an opportunity to make purchases in instalments;
- information - the Group's websites provide customers with the largest database of information and opinions on automotive issues in Poland. Customers can also use a variety of guides on tyre selection and use. The information also includes tests of newly launched products, carried out by specialists from the OPONEO.PL Group.
- fitting - in many countries, the OPONEO.PL Group offers customers the possibility to deliver tyres to a given tire fitting station. At the end of 2018, this network consisted of some 6.3 thousand fitting points.

Customers highly appreciate the quality of the Group's services, as evidenced by the average customer ratings for the OPONEO.PL Group's companies participating in the Opineo Program - 'I listen to my clients.' In 2018, Oponeo.pl online store won the second place in the service quality ranking of online shops in the Automotive category.

Store	Rating in Opineo*	Delivery costs	Time of delivery	Purchases in instalments
Oponeo.pl	4.8	free of charge	24 h	yes
Centrumrowerowe.pl	4.7	free from PLN 499 (bicycles excluded), bicycles for own assembly - free from 15.04 shipment of bicycles to service collection points - free (PLN 89.99 before that date)	24 h	yes, over PLN 100
Dadelo.pl	4.8	free from PLN 499 (bicycles excluded), bicycles for own assembly - free from 15.04 shipment of bicycles to service collection points - free (PLN 89.99 before that date)	24 h	yes, over PLN 100

\*rating in a 5-point scale

The online store oponeo.pl has been awarded by Opineo with the "Q" Quality Mark. The mark is awarded to stores with proven reliability, which steadily improve their services. They are constantly monitored both by Opineo's experts, who check if legal aspects of operation and online sales are met, and by customers, who award points. A sudden drop of overall rating triggers instant reaction from Opineo and possible exclusion from certification.

Owing to the business profile of the OPONEO.PL Group, the main suppliers are tyre manufacturers and wholesalers. Two tyre suppliers had more than 10% share of the Group's revenues in 2018 (taking into account segmentation by brands of manufacturers).



### 3.6. EMPLOYMENT

As at 31 December 2018, the OPONEO.PL Group employed a total of 437 employees. During the year, employment increased by 26 employees. The increase in employment resulted from an increase in the scale of the Group's operations.

Employment in the OPONEO.PL Group	31 December 2017	31 December 2018
Sales Department	163	208
IT	43	54
Warehouse	96	105
Other departments (administration)	109	70
<b>In total</b>	<b>411</b>	<b>437</b>

### 3.7. ADDITIONAL INFORMATION

#### 3.7.1. Disputes

In the period covered by this report, the OPONEO.PL Group 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

#### 3.7.2. Related-party transactions

During the period covered by this report, not a single transaction was made between the OPONEO.PL Group and related parties, on terms other than market conditions.

In the report of the OPONEO.PL Group for the period from 1 January to 31 December 2018, the related party transactions covered by full consolidation were eliminated.

The consolidated financial statements included the net values of the transactions that took place in 2018.

## 4. CORPORATE GOVERNANCE



## 4. CORPORATE GOVERNANCE

### 4.1. THE PRINCIPLES AND SCOPE OF USE OF CORPORATE GOVERNANCE

#### 4.1.1. A set of corporate governance principles

This corporate governance statement at OPONEO.PL S.A. is being forwarded in accordance with § 91 of the regulation of the Minister of Finance of 19 February 2009, on current and periodic information provided by issuers.

OPONEO.PL S.A. applies corporate governance principles included in the Good Practices of WSE Listed Companies of 2016, which were adopted by the Resolution of the Supervisory Board of the Warsaw Stock Exchange Joint-Stock Company on October 13, 2015.

The text of the current set of principles is publicly available on the official website of the Warsaw Stock Exchange Joint-Stock Company dedicated to issues of corporate governance of companies listed on the WSE Main List: <http://corp-gov.gpw.pl/>.

The Board of Directors of OPONEO.PL S.A. announces that it has made every effort to ensure that its information policy was transparent and effective, and to the fullest extent ensured appropriate communication with investors and analysts.

As part of its information policy, the Management Board of OPONEO.PL S.A. makes direct contacts with investors, i.e. during meeting of the Management Board with investors, teleconferences or through Investor Relations Department which replies to individual inquiry of investors and inquiries sent by e-mail to [ir@oponeo.pl](mailto:ir@oponeo.pl).

In 2018, the Company continued running a website for investors, where it posted all information on the Company which was necessary to appropriately assess its situation and prospects, including data on financial results, actions taken by the Management Board and other relevant events concerning operation of the Company. The information posted on the investor relations website: <http://www.ir.oponeo.pl/> owned by OPONEO.PL S.A., is updated on a regular basis.

#### 4.1.2. Non-applied principles of corporate governance

In 2018, the Company did not apply the following principles set out in the Good Practices of WSE Listed Companies of 2016:

Principle	The comment of OPONEO.PL S.A.
<b>I. Information policy and communication with investors</b>	
<b>I.2.1.</b> The Company operates a corporate website and publishes on it, in a readable form and a separate place, in addition to the information required by law:	
<b>I.2.1.7.</b> The company's information materials on the company's strategy and financial results,	The principle is not applied in the part concerning information on the strategy. The Company does not publish separate materials and documents on the strategy.



<p><b>I.Z.1.10.</b> financial projections – if the company decided to publish them – published during the last 5 years (at least), along with the information on the level of their implementation,</p>	<p>The principle does not apply because the Company does not publish financial projections.</p>
<p><b>I.Z.1.16.</b> The information on the planned broadcast of the General Meeting – no later than 7 days before the date of the General Meeting,</p>	<p>The Company does not provide for direct broadcasting of the General Meeting of Shareholders, resulting from principle IV.Z.2. Broadcasting costs of the General Meeting are too high and disproportionate to the potential benefits to the shareholders.</p>
<p><b>I.Z.1.20.</b> the record of proceedings of the general assembly, in an audio or video format,</p>	<p>The principle is not applied. The Company does not provide any direct broadcasting of the General Meeting's proceedings, and does not post on its website any record of the proceedings of the General Meeting in audio or video formats. With a view to possible legal problems associated with recording of the General Assembly and its costs, the Company does not intend to apply this principle.</p>
<p><b>I.Z.2.</b> The company, whose shares are classified in the WIG 20 or mWIG40 stock exchange indices, ensures the availability of its website in English, at least to the extent specified in principle I.Z.1. This policy should also apply to companies outside the above indices if the structure of their shareholders, or the nature and scope of their business, justifies it.</p>	<p>The principle does not apply. Company Shares are not classified in WIG20 or mWIG40. The website <a href="http://www.ir.oponeo.pl">www.ir.oponeo.pl</a> is available for investors in English, in selected key areas. At the explicit request of investors, the company is able to prepare selected information in English.</p>
<p><b>II. Management Board and Supervisory Board</b></p>	
<p><b>II.Z.1.</b> The internal division of responsibility for individual areas of the company's activities between board members should be formulated in an unequivocal and transparent manner and a division pattern available on the company's website.</p>	<p>The principle is not applied. The Company has developed a division of responsibility for individual areas of operations among board members, but it does not include this information on its website.</p>
<p><b>II.Z.7.</b> The provisions of Annex I to the European Commission Recommendation, referred to in principle II.Z.4, apply to the tasks and functioning of committees operating within the Supervisory Board. In case the audit committee functions as a supervisory board, the above principles shall apply accordingly.</p>	<p>The principle is not applied. Only Audit Committee functions in the Supervisory Board of OPONEO.PL S.A. It comprises of two independent Supervisory Board Members, as defined in Art. 129 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight. Apart from the aforementioned, there are no other committees within the Supervisory Board.</p>

**II.Z.10.** In addition to regulatory actions, once a year, the Supervisory Board prepares and presents to the General Meeting:

**II.Z.10.1.** the assessment of the company's situation, including an evaluation of internal control systems, risk management, compliance, and the function of internal audit; this assessment covers all relevant control mechanisms, in particular those relating to financial reporting and business operations;

The principle is not applied. The assessment of the OPONEO.PL Joint-Stock Company's situation, prepared by the Supervisory Board does not include an assessment of the compliance system or internal audit function, due to the lack of separation of Compliance and Internal Audit functions within the Company.

### III. Internal functions and systems

**III.R.1.** The Company distinguishes within its structure the entities, responsible for the performance of tasks, in particular systems or functions, unless the separation of organizational units is not justified by the size or nature of the activities carried out by the company.

The principle is not applied. The Company does not have in its structure separate entities responsible for performing the tasks of internal control systems, risk management, compliance and internal audit.

**III.Z.1.** The company's management board is responsible for the implementation and maintenance of effective internal control, risk management, compliance and internal audit functions.

The principle is not applied. The Management Board is responsible for controlling the Company's operating activities, including its internal business processes and risk management processes.

Due to the company's size, the functions included in this principle are carried out on a regular basis in each area of activity by individual organizational units of the Company or by external entities (without a dedicated special cell).

**III.Z.2.** Subject to rule III.Z.3, the persons responsible for risk management, internal audit and compliance shall be directly liable to the chairman or other members of the management board, and shall be provided the opportunity to report directly to the supervisory board or audit committee.

The principle does not apply. The rule is not applicable because, as indicated in the justification for non-application of rule no. III.Z.1, cells in risk management, internal audit and compliance, were not identified in the Company. The company believes that the current organisational structure, where directors of individual departments report to the Management Board of the company, provides sufficient and proper information flow, and supervision of the activities of particular areas. The company has no procedures prohibiting to direct the reports directly to the Supervisory Board.

**III.Z.3.** With respect to the person in charge of the internal audit function, as well as other persons responsible for the performance of its tasks, the principles of independence apply as defined in

The principle is not applied because there is no separate internal audit unit in the Company, and there is no separate position of the person managing the entity.

generally and internationally accepted standards of professional practice of internal audit.

**III.Z.4.** At least once a year, the person responsible for internal audit (if such a position has been created in the company) and the management board provide the supervisory board with their own assessment of the effectiveness of systems and functions referred to in principle III.Z.1, together with an appropriate report.

The principle is not applied. There is no separate internal audit unit in the Company, there is no separate position of the person managing the entity, and the audit committee acts within the Supervisory Board.

**III.Z.5.** The Supervisory Board monitors the effectiveness of the systems and functions referred to in principle III.Z.1 partly on the basis of reports which are drawn up periodically and communicated directly to those responsible for these functions and to the Board of Directors, which annually evaluates the effectiveness of these systems and functions in accordance with principle II.Z.10.1. If there is an audit committee in the company, it monitors the effectiveness of systems and functions mentioned in principle III.Z.1; however, it does not exempt the supervisory board from carrying out an annual assessment of the effectiveness of operation of these systems and functions.

The rule is not applied because the company does not have specialised units of internal control, risk management, and compliance process management.

#### IV. General meeting and relations with shareholders

**IV.R.2.** If it is justified by the shareholder structure or the company's expectations to the shareholders, provided that the company is able to provide the technical infrastructure necessary for the smooth conduct of the general meeting using electronic means of communication, it should enable shareholders to participate in the general meeting using such means, as:

- 1) real-time broadcasting of the general meeting,
- 2) two-way communication in real time, which enables the shareholders to have their say during the general meeting despite being in a different place than the venue of the general meeting.
- 3) execution of the voting right in person or by proxy during the general meeting.

The principle is not applied. In the Company's opinion, the present shareholding structure does not justify the application of the principle; the rules of participation in the general meeting enable exercising of the rights resulting from the shares and safeguard the interests of all shareholders.

**IV.R.3.** The Company strives to ensure that, when securities issued by a company are traded in different countries (or markets) and under different jurisdictions, corporate events related to the acquisition of shareholder rights occur at

The principle does not apply. Securities issued by the Company are traded solely on the Polish market.

the same dates in all countries in which they are listed.

**IV.Z.2.** If this is justified due to the shareholding structure of the company, the company shall provide a widely accessible broadcast of the general meeting in real time.

The principle is not applied. In the Company's opinion, the shareholder structure and the lack of shareholder expectations are justified by the fact that there is no real-time broadcasting of the General Meeting. In addition, the applicable rules of participation in the General Meeting give effect to the rights arising from ownership of shares and safeguard the interests of all shareholders.

The Company provides shareholders with the opportunity to participate in the General Meeting in person or through a proxy. The Company fulfils its information obligations imposed by law. Not later than within 24 hours from the end of the General Meeting it transmits, in the form of current reports, the information on the content of the adopted resolutions and results of voting and simultaneously publishes this information on the corporate website. In addition, upon completion of the Meeting, the Company places a video of the General Meeting on its website. The Company does not exclude the possibility of applying the aforementioned principle in the future.

**IV.Z.3.** Media representatives are allowed to attend general meetings.

The principle is not applied. The Company's General Meetings are attended by persons authorized and those serving the General Meeting. According to the Company, the applicable laws adequately govern the performance of disclosure obligations imposed on public companies in the field of publicity and transparency of matters being the subject of the General Meeting. In case of questions addressed to the Company by media representatives, the Company shall promptly provide appropriate responses within the limits permitted by applicable law.

## VI. Remuneration

**VI.R.1.** The remuneration of members of the company's governing bodies and key managers should be derived from the remuneration policy.

The principle is not applied. Due to the size of the Company, the organizational structure and scope of its activities, the Company has not prepared a separate document constituting the remuneration policy referred to in principle VI.R.1. The remuneration for particular

members of the Company's authorities, including the tasks assigned to them and the assessment of their implementation, is prepared and handed over to the Management Board by the members of Supervisory Board, but the assessment for the members of the Supervisory Board is prepared by the General Meeting of Shareholders.

**VI.R.2.** The remuneration policy should be closely linked to the company's strategy, its short- and long-term objectives, long-term interests and results, and should include solutions to avoid discrimination for any cause.

The principle is not applied. The Company has not developed a special document outlining the remuneration policy.

**VI.R.3.** If there is a remuneration committee within the supervisory board, its scope of work should be in accordance with principle II.Z.7.

The principle is not applied. There is no remuneration committee in the Supervisory Board of OPONEO.PL S.A.

**VI.Z.1.** Incentive programmes should be designed to make the remuneration of the company's Management Board members and its key managers conditional on the actual, long-term financial situation of the company, the long-term value growth for shareholders and the stability of the enterprise's operations.

The detailed principle does not apply. So far, the Company has not adopted any incentive programs addressed at board members and key managers.

**VI.Z.2.** To associate the remuneration of board members and key managers with the company's long-term business and financial goals, the period between the incentive option or other equity-linked options, is limited to a minimum of 2 years.

The detailed principle does not apply. So far, incentive programs for the board and key managers have not been enacted in the Company.

**VI.Z.2.** The Company presents a report on the remuneration policy in its activity report, comprising at least:

- 1) general information on the company's remuneration system,
- 2) information on the terms and amounts of remuneration for each member of the management board, broken down by fixed and variable remuneration components, with key parameters for determination of variable remuneration components and rules for payment of severances and other payments for termination of employment, contract or other similar legal relationship - separately for the company and each unit of the capital group.
- 3) information on the non-financial components of remuneration available to individual Management Board members and key managers,
- 4) indication of significant changes made in

The principle is not applied. The Company publishes information on the remuneration of members of the company's governing bodies, in accordance with the applicable International Accounting Standards.

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remuneration policy in the past financial year, or information on lack thereof, 5) assessment of the functioning of the remuneration policy for the implementation of its objectives, in particular, the long-term value growth for shareholders, and stability of the enterprise.

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#### 4.2. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR THE PROCESS OF FINANCIAL REPORTING

Adoption of the Accounting Policy for OPONEO.PL S.A. and its subsidiaries, in accordance with the International Financial Reporting Standards, provides for the correctness and reliability of accounting records for these entities. In accordance with the Accounting Act from 29th of September 1994, under which the Company's Management Board approved the documentation describing the accounting policies, implemented by the Company, the separate financial statements of OPONEO.PL S.A. are prepared in accordance with the Polish accounting rules. Since the formation of the Capital Group in 2010, consolidated financial statements are prepared in accordance with the International Financial Reporting Standards. The process of preparing financial statements is carried out in a strict and absolute application of the above principles.

Preparation of source data is subject to formal, operational and acceptance procedures that determine the extent of the competence of the individual. The data entered in the General Ledger is based on records in documents and Source Books. Thanks to the application of internal control systems in the field of accounting and financial reporting, the Company ensures a fair and transparent presentation of its financial and material standing.

The Management Board bears the responsibility for the internal control system, risk management and its effectiveness with regard to the process of drawing up financial statements.

The Company has documentation describing adopted accounting policies which determine methods of valuation of assets and liabilities, and determining the financial result, as well as the manner of keeping books of accounts, data protection systems and their collections. The prepared financial statements are formally approved by the Chief Accountant and subsequently by the Company's Management Board.

In the process of preparing the statements, the control element is the verification of the Company's financial statements and financial statements of the companies forming the Capital Group by an independent auditor. The statutory auditor's tasks include in particular: the review of half-yearly financial statements and examination of annual reports. The financial data being the basis of financial statements and periodic reports are derived from the Company's monthly financial and operating reporting conducted through the financial and accounting system. Preparation of financial statements and periodic reports begins after acceptance of the results of the completed period. During the year, the Management Board and the Supervisory Board analyse, evaluate and supervise the obtained financial results in terms of their conformity with the adopted assumptions of the budget plan prepared in accordance with the Company's accounting policy.

The effectiveness of applied control and risk management procedures in the process of preparing financial statements of OPONEO.PL S.A is proven by high quality of the reports, which is confirmed by opinions of statutory auditors. OPONEO.PL S.A monitors significant legal, tax, economic and

operational risks which affect the Company's business. In addition, the Company makes provisions for deferred tax and leave.

### 4.3. SHARES AND SHAREHOLDER STRUCTURE

#### 4.3.1. Shareholder structure

As at 31 December 2018, the Company's share capital amounted to PLN 13,936 thousand and included:

- 8,676,000 ordinary bearer shares of A-series with a nominal value of PLN 1.00 each,
- 4,000,000 ordinary bearer shares of B-series with a nominal value of PLN 1.00 each,
- 1,260,000 ordinary bearer shares of C-series with a nominal value of PLN 1.00 each.

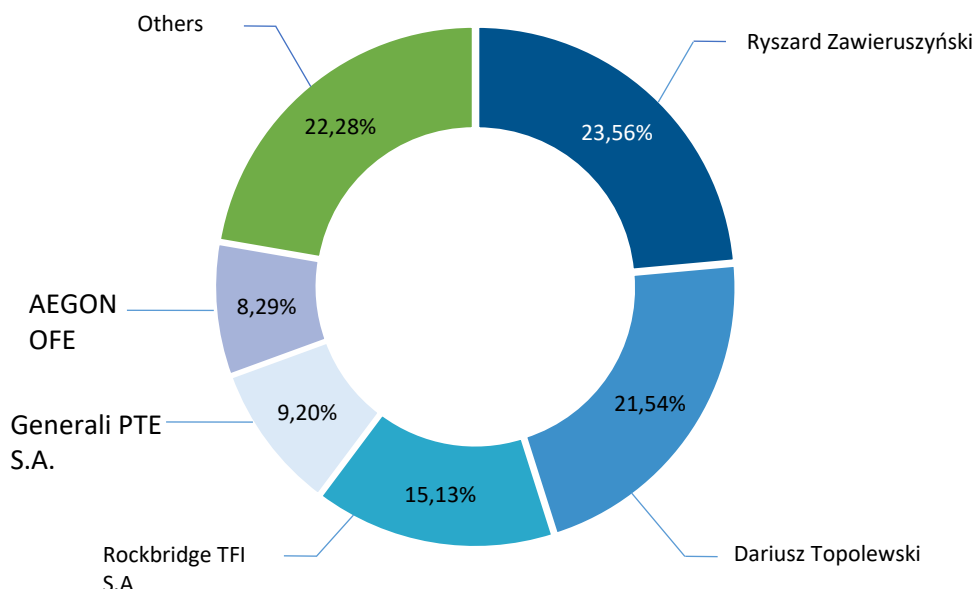
In 2017, the value of the Company's share capital did not change.

The list of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of OPONEO.PL S.A., was as follows:

Shareholder	28.03.2019		31.12.2018		31.12.2017	
	Number of shares	Share in the share capital and in the number of votes at the General Meeting in %	Number of shares	Share in the share capital and in the number of votes at the General Meeting in %	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	3,283,097	23.56	3,283,097	23.56
Dariusz Topolewski	3,001,592	21.54	3,001,592	21.54	3,011,592	21.61
ALTUS TFI S.A.	-	-	-	-	2,042,104	14.65
Rockbridge TFI S.A.	2,108,503	15.13	2,108,503	15.13	-	-
Generali PTE S.A.	1,282,645	9.20	1,282,645	9.20	-	-
AEGON OFE	1,155,000	8.29	1,155,000	8.29	1,155,000	8.29
Other	3,105,163	22.28	3,105,163	22.28	4,444,207	31.89
<b>In total</b>	<b>13,936,000</b>	<b>100.00</b>	<b>13,936,000</b>	<b>100.00</b>	<b>13,936,000</b>	<b>100.00</b>

As at the date of publication of the report, the Company did not have information on contracts, which could result in future changes in the proportions of shares held by the existing shareholders.

The shareholder structure of OPONEO.PL S.A., as at 28.03.2019



\*The date of publication of this report

#### 4.3.2. Information on possession of shares by managing and supervising persons

**The possession of shares of OPONEO.PL S.A. by members of the Supervisory Board and members of the Management Board:**

Shareholder	28.03.2019		31.12.2018		31.12.2017	
	Number of shares	Share in the share capital and in the number of votes at the General Meeting in %	Number of shares	Share in the share capital and in the number of votes at the General Meeting in %	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	3,283,097	23.56	3,283,097	23.56
Dariusz Topolewski	3,001,592	21.54	3,001,592	21.54	3,011,592	21.61
Wojciech Topolewski	61,411	0.44	61,411	0.44	69,780	0.50
Michał Butkiewicz	17,093	0.12	17,093	0.12	17,093	0.12

No employee share programs are established in the OPONEO.PL Capital Group.

#### 4.3.3. Special controlling rights and restrictions on the transfer of securities and voting rights

OPONEO.PL S.A.'s shares are ordinary bearer shares. No special control rights are attached to the Company's shares. The Company's Statute does not impose any restrictions on the transfer of ownership of shares issued by the Company or exercise of voting rights, and also does not include any



provisions under which the equity rights attached to securities are separated from the possession of securities.

#### 4.3.4. Share price performance

Shares of OPONEO.PL are listed on the Warsaw Stock Exchange since September 2007. From the session of 19 March 2016 they are included in the sWIG80 Index, and from 16 December 2016 – in WIGdiv.

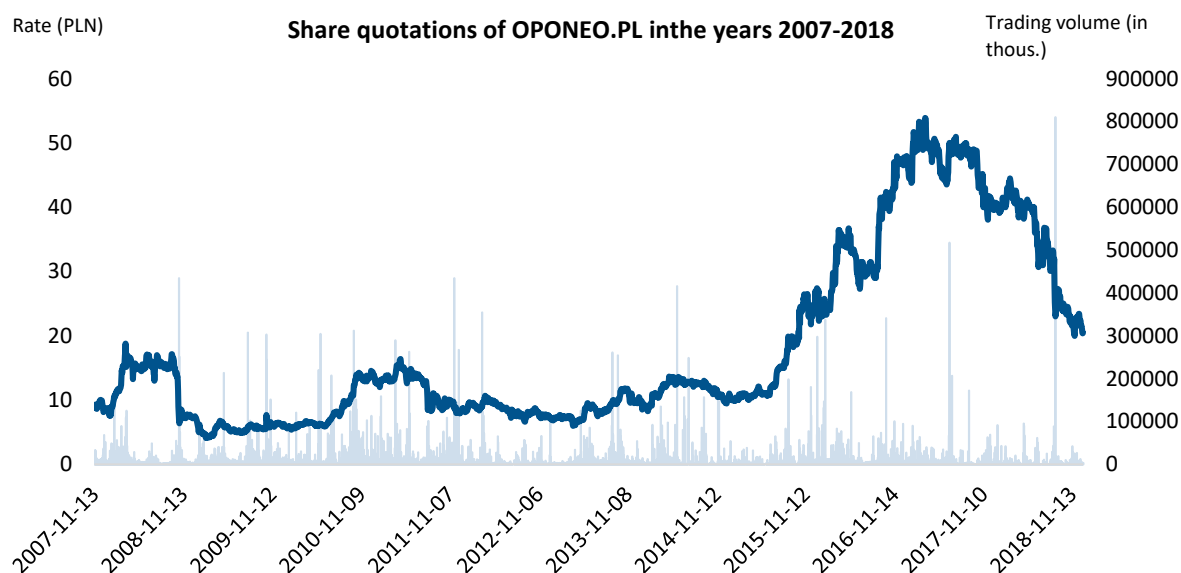
In 2018, the main indices on the Warsaw Stock Exchange (WIG and WIG20) dropped respectively by 9.5% and 7.5%. All sector indices also experienced losses. In 2018, the sWIG80 index lost in value by more than indices of medium and large enterprises. It resulted mostly from trade tensions between USA, China and the rest of the world, tightening of a monetary policy by the biggest central banks, first signs of economic slowdown and unsolved geopolitical issues regarding Brexit.

As at the end of December 2018, the value of domestic companies listed on the Main Market reached PLN 578.9 billion and was 13.7% lower than in 2017. The number of debuts on the main trading floor also dropped, from 15 in 2017 to 7 in 2018, which means lower interest in search for funds for the growth of companies on the capital market.

In 2018, the share price of OPONEO.PL S.A at the close of trading on the WSE ranged from PLN 20 (recorded on 21 of November) to PLN 44.5 (session on 1 March). On the last trading day of 2018, that is 28 December, the price of OPONEO.PL S.A share was PLN 20.50.

In 2018, the average turnover of OPONEO.PL S.A. shares on the WSE was 11,239 shares.

As at 31 December 2018, the market value of OPONEO.PL S.A. was at the level of PLN 285.7 million, while the book value was PLN 163.1 million. The C/WK ratio (price / book value) for the Company was 1.75 and the C/Z (price/profit) was 11.37.



#### 4.3.5. Dividend

The amount of the dividend for the shareholders of OPONEO.PL S.A. depends on the current market situation and development of the Company's operations and takes into account maintenance of adequate financial liquidity of the Company and of the OPONEO.PL Capital Group.

On 12 June 2018, the Ordinary General Meeting of Shareholders, by resolution no. 8 on distribution of profit for the financial year lasting from 1 January 2017 to 31 December 2017, allocated PLN 4,877.6 thousand (i.e. PLN 0.35 per one share) for payment of dividends.

The dividend day was set at 3 July 2018, and the dividend payout was scheduled for 20 July 2018, on which the Group informed in the current report no. 12/2018 "informacja dotycząca wypłaty dywidendy za rok 2017" [information on payout of dividends for the year 2017]. Dividend payment was made on time.

Dividend	2011	2012	2013	2014	2015	2016	2017	2018
Net profit of OPONEO.PL S.A. (in PLN thousand)	28,647.7	1,308.7	2,735.5	3,605.3	9,801.0	15,889	16,712	16,832
Dividend from the profit of the given year (in PLN thousand)	2,787.2	418.1	383.9	638.1	1,276.3	2,787.2	4,877.6	**
Dividend per share (in PLN)	0.20	0	0.03*	0.05*	0.10*	0.20	0.35	-
Date of setting the right to the dividend	31.08.2012	15.07.2013	03.07.2014	03.07.2015	11.07.2016	03.07.2017	03.07.2018	-

\* From the total number of shares, the own shares were deducted, and their purchase until the dividend date was not fulfilled.

\*\* At the date of publication of this annual report, the Members of the Management Board and Supervisory Board have not taken the recommendation for the General Meeting on payment of dividend for the year 2018.

#### 4.4. STATUTE AND STATUTORY AUTHORITIES

##### 4.4.1. Amending the Statute

The amendment to the Company's Statute, requires the resolution of the General Meeting and the entry into the register of entrepreneurs of the National Court Register.

In 2018, General Meeting of the Shareholders of OPONEO.PL S.A. did not pass any resolutions on amending the Company's Statute.

##### 4.4.2. General Meeting

The General Meetings are held at the Company's registered office in Bydgoszcz. The General Meeting of OPONEO.PL S.A. holds its sessions as ordinary or extraordinary. It is called by the Management Board at written request of shareholders representing at least 5 percent of the Company's share capital, stating the reason for calling the Meeting, or at the request of the Supervisory Board.

The Ordinary General Meeting is convened annually by the Management Board of the Company, by 30 June of the following financial year, at the latest.

The subject of the Ordinary General Meeting should be:

- consideration and approval of the Management Board's report on the Company's activities, and approval of the financial statements for the previous financial year,
- adopting a resolution on profit distribution or loss coverage,
- acknowledgement of fulfilment of duties by members of the governing bodies of the Company.

Moreover, the following matters require a resolution of the shareholders' meeting:

- adoption of the balance sheet, profit and loss account, and cash flow statement for the previous year;
- granting discharge to Members of the Company's Management Board and Supervisory Board, for the performance of their duties;
- any provisions relating to the claims of the shareholders, to compensate for any damage caused to the Company or its management or supervision;
- leasing the business and establishing the right to use it;
- disposal of an enterprise;
- profit allocation and determination of loss coverage;
- Determination of remuneration for the members of the Supervisory Board and determination of remuneration for the members of the Audit Committee;
- approval of annual and multi-annual plans of the Company's activities;
- dissolution, liquidation and transformation of the Company;
- increase and decrease of the Company's share capital and the redemption of shares by the Company;
- Amendments to the Statute;
- exercising control over the activities of the Supervisory Board;
- approval of the rules of procedure of the Supervisory Board;
- appointment and dismissal of Members of the Supervisory Board.

The subject matter of the General Meeting may be any matter addressed by the Company's Management Board or Supervisory Board, or at the request of shareholders representing at least one twentieth of the share capital. Requesting to convene a General Meeting and place specific issues in its agenda submitted by authorized entities should be justified.

Draft resolutions proposed for adoption by the General Meeting of Shareholders, and other relevant materials, should be submitted to the shareholders together with the justification and the opinion of the Supervisory Board before the General Meeting in sufficient time allowing the shareholders to familiarize themselves with these materials and evaluate them. The Company immediately publishes the aforementioned draft resolutions on its website.

The General Meeting convened at the request of the Shareholders, should be held within the time indicated in the request, and if meeting that deadline is impossible due to compelling reasons - at the earliest possible date, enabling the General Meeting to settle the issues brought to its attention.

Cancellation of the General Meeting, whose agenda includes specific matters at the request of authorized entities or which is convened on such request, is only possible with the consent of the applicants. In other cases the General Meeting may be cancelled if there are extraordinary obstacles (the so-called force majeure) or it is evidently groundless. Cancellation is effected in the same way as convocation, not later than three weeks before the initially planned date; it should also minimise losses to the Company and inconvenience for the shareholders.

The change of the date of the General Meeting takes place in the same manner as its cancellation, even if the proposed agenda has not changed.

The participation of the shareholder's representative at the General Meeting requires the right to act on his behalf properly. There is a presumption that a written document confirming the right to represent the shareholder at the General Meeting is lawful and does not require additional confirmations.

Each share equals 1 vote at the General Meeting. Resolutions are adopted by a majority of 51% of all voting rights held by the shareholders. The voting is open unless the provisions of the Commercial Companies Code require a secret ballot. In addition, a secret ballot shall be held at the request of at

least one of the current shareholders, as well as in the election and motion to remove the members of the Company's authorities or its liquidators, and to pull them into account, as well as for discharge. The election of the Supervisory Board, also including voting in separate groups, takes place in accordance with the provisions of the Commercial Companies Code.

Any Shareholder, as well as advisers, specialists, or other persons invited by the Company's Management Board or Supervisory Board, may participate in the General Meeting. Members of the Supervisory Board and the Management Board should attend the General Meeting. The Management Board invites the Company's auditor to participate in the Ordinary General Meeting and in the Extraordinary General Meeting, if the Company's financial matters are to be discussed. The Absence of a Member of the Management Board or a Member of the Supervisory Board at the General Meeting requires clarification.

Members of the Supervisory Board and the Management Board and the statutory auditor should provide the participants with explanations and information concerning the Company, within the limits of their competence and to the extent necessary to settle matters discussed by the Assembly. When answering questions from the General Assembly, the Board should be taking into account, that information obligations of a public company are exercised in a manner resulting from the law governing the public trading of securities and that certain information may not be exercised in any way, other than arising from this law.

Applicants, who object to the resolution, shall be provided with the opportunity to briefly state their objection. In this way, the Management Board or the Chairman of the General Meeting should formulate resolutions, so that any eligible person who does not agree with the merits of the resolution constituting the object of the resolution has the opportunity to challenge it. At the request of a participant of the General Meeting, a written statement is accepted in the minutes. The statement of the participant of the General Meeting should concern only matters of importance and considered by the General Meeting.

#### 4.4.3. Supervisory Board

##### **Appointment and dismissal rules**

The Supervisory Board consists of five members, appointed and dismissed by a resolution of the General Meeting for a joint term of 5 years. At least two Supervisory Board members should meet the independence criterion within the meaning of Art. 129 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight. At least one member of the Supervisory Board should have competence in accounting and/or auditing financial statements. At least one member of the Supervisory Board should have expertise and skills in the industry in which the Company operates.

Both the entire Supervisory Board and its individual members may be dismissed at any time by the General Meeting.

If, following the expiry of the mandate of a Supervisory Board member before the expiry of his term of office, the number of Supervisory Board members is less than five, the Management Board calls the Extraordinary General Meeting, within 14 days, in order to complement the composition of the Supervisory Board so that it meets the requirements specified in the Statute.

##### **Composition**

On 31 December 2018, the Supervisory Board of OPONEO.PL S.A. was as follows:

- Monika Siarkowska – Chairman of the Supervisory Board,
- Lucjan Ciaciuch – Member of the Supervisory Board (independent),
- Michał Kobus – Member of the Supervisory Board,
- Wojciech Małachowski – Member of the Supervisory Board (independent),

- Paweł Sznajder – Member of the Supervisory Board.

## Competence

The competence of the Supervisory Board is set out in the Company's Statute. The Supervisory Board exercises permanent supervision over the Company and all its branches. Special duties of the Supervisory Board include:

- exercising permanent supervision over the activities of the Management Board and submitting annual reports on activities of the Supervisory Board to the General Meeting;
- examination and evaluation of the reports referred to in art. 395 § 2 (1) of the Commercial Companies Code, in terms of their compliance with books and documents as well as with the actual state;
- giving opinions on annual and periodic reports of the Management Board and the Management Board's proposals on distribution of profits and their use;
- representing the Company in disputes and concluding agreements between the Management Board or a Member of the Management Board and the Company, suspending in the actions individual members of the Management Board, for good reasons;
- issuing opinions on motions of the Management Board on establishment of new companies, joining existing companies and economic organizations as well as acquisition and sale of shares and stocks in other companies;
- issuing opinions on the Company's periodical economic plans;
- granting consent to start new companies, joining existing companies and business organizations, acquire and sell shares in other companies, create and close branches, businesses or subsidiaries;
- approving the Company's business plans and periodic development plans;
- considering and settling the motions of the Management Board;
- consent to the acquisition, sale and encumbrance of property or share in jointly owned property;
- determining the remuneration of members of the Management Board;
- approving the Company's budget;
- appointing statutory auditors for the annual audit of the Company's financial statements, dismissing them and approval of a material change in accounting practices, unless such change results from the applicable law;
- giving consent to start a business, in new business sectors, unless it is a result of an approved annual plan of the Company;
- approving contracts with related entities, marriage or kinship with any of Board Members;
- approving work regulations of the Management Board;
- delegating a member or Members of the Supervisory Board to temporary execution of the Management Board's activities in the event of the suspension of Members of the Management Board or the entire Management Board;
- Granting the consent of appointing proxies to the Management Board;
- giving a consent to sell and/or lease, pledging or encumbering Company assets of more than 10% of the Company's share capital, provided that they are not attributable to the Company's approved annual plan or business plan covering part or all of the Company's activities;
- convening an Ordinary General Meeting if the Management Board fails to convene it within the time specified in the Articles of Association;
- convening the Extraordinary General Meeting whenever the Board deems it appropriate and the Management Board fails to convene the General Meeting within two weeks of the request being made by the Board;

- appointment and dismissal of Audit Committee Members and defining the Audit Committee rules;
- giving consent to pay-out of an advance on account of the anticipated dividend.

### Audit Committee

The Supervisory Board passes the resolution appointing the Audit Committee and adopts Audit Committee rules which determine its function, tasks and principles of operation.

The Supervisory Board appoints from among its members and dismisses members of the Audit Committee, including the Chairman of the Audit Committee. The Audit Committee comprises of at least three members, including the Chairman of the Audit Committee.

Most of the Audit Committee Members, including the Chairman of the Audit Committee, should meet the independence criterion within the meaning of Art. 129 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight. At least one Audit Committee Member should have competence in accounting and/or auditing financial statements. At least one Audit Committee Member should have expertise and skills in the industry in which the Company operates.

The Company complies with the provisions on the appointment, composition and functioning of the Audit Committee, independence criteria and requirements regarding expertise and skills in the industry in which the Company operates, and also in accounting or auditing of financial statements.

The Audit Committee established by the Company performed and still performs the tasks provided for in the applicable regulations.

As at 31 December 2018 and as at the date of preparing this report, the Audit Committee was as follows:

- Lucjan Ciaciuch – Chairman of the Audit Committee,
- Wojciech Małachowski – Member of the Audit Committee,
- Monika Siarkowska – Member of the Audit Committee.

**Lucjan Ciaciuch – Chairman of the Audit Committee** meets the statutory criteria of interdependence and has expertise and skills in accounting and auditing of financial statements. He runs an audit firm *Uni-Rach-Audyt Lucjan Ciaciuch* registered in the National Chamber of Statutory Auditors under the number 3687. Prior to that, he worked for example as: Chief Financial Officer in *PBPP Piecobudowa-Bydgoszcz* and Head of Financial Department in Voivodship Office in Bydgoszcz. He graduated from the Faculty of Law and Administration of the Nicolaus Copernicus University in Toruń. He has a license of a statutory auditor, entered into the list of entities authorised to audit financial statements under the registration number 500/4802, and qualifications of a receiver and liquidator.

**Wojciech Małachowski – Member of the Audit Committee** meets the statutory criteria of independence.

**Monika Siarkowska – Member of the Audit Committee** has expertise and skills in the industry in which the Company operates. She has been working for OPONEO.PL S.A. since 2007, that is the moment the Company entered the main trading floor of the Warsaw Stock Exchange. She created the IR/PR department in OPONEO.PL S.A., leading and supervising Company's information obligations, in the scope of legal provisions on trading in financial instruments, and also communication with the capital market. She gained her previous experiences in such companies operating in the field of the Internet as, for example, a branch of the Active 24 Group and foreign branches of Europa Technologies and Oracle.

The Audit Committee adopted the Policy and procedures for the choice of an audit firm for auditing financial statements of OPONEO.PL S.A. and the Policy of provision of permitted services other than auditing of financial statements of OPONEO.PL S.A. by the audit firm.

**Main objectives of the Policy of appointing an audit firm:**

1. The following rules are applied for the selection of an audit firm which is given the task of auditing the financial statements of OPONEO.PL S.A:
  - a) the choice is made according to § 18 section 7 letter m of the Company's Statute;
  - b) in order to audit the financial statements, the audit firm must meet the requirements of independence specified in Art. 69-73 of the act on statutory auditors, audit firms and public oversight.
2. The auditory firm is selected by the Supervisory Board from amongst the firms recommended by the Audit Committee.
3. The procedure and selection of the audit firm should be carried out in advance in order to eliminate the risk of compromising the independence and to keep the restrictions resulting from legal provisions and, at the same time, ensure appropriate quality of audit and participation of the audit firm in the necessary activities.
4. The audit firm cannot audit financial statements for the period exceeding 5 consecutive years.
5. The selected audit firm conducts an interim review and audit of financial statements for the ended financial year.
6. The selection is made out of firms which submit offers and those invited to submit offers, considering:
  - a) their experience in auditing of financial statements;
  - b) their human resources;
  - c) experience in auditing of companies with the nature of business which is similar to that of OPONEO.PL S.A.;
  - d) technical capacity of performing an audit within the time frame expected by OPONEO.PL S.A.;
  - e) the price of audit of financial statements.
7. It is preferable that the audit firm audited financial statements of subsidiaries.

**The main assumptions of the Policy of provision of permitted services other than auditing of financial statements of OPONEO.PL S.A. by the audit firm.**

The audit firm auditing financial statements of OPONEO.PL S.A., affiliated entity of the audit firm and members of the audit firm's network cannot provide any services to OPONEO.PL S.A. other than auditing of financial statements or other accounts auditing services which these entities are not allowed to provide in accordance with the applicable provisions, especially under Art. 136 section 1 of the act on statutory auditors, audit firms and public oversight, in conjunction with Art. 5 section 1 second subparagraph of the regulation No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

Services specified in Art. 136 section 2 of the act on statutory auditors, audit firms and public oversight are not prohibited. Provision of these services is possible only to the extent unrelated to tax policy of OPONEO.PL S.A., after assessment of the risks and safeguards for independence, as specified in Art. 69-73 of the act on statutory auditors, audit firms and public oversight, is carried out by the Audit Committee.

In order to issue to assessment of risks and safeguards for independence, the Audit Committee has the right to request appropriate documents or clarification.



Regardless of issuing assessments of risks and safeguards for independence, the Audit Committee may issue appropriate guidelines for services other than auditing of financial statements.

On the basis of the aforementioned documents, independence assessment of the audit firm was carried out and consent was given for the provision of services in the scope of review and audit of financial statements.

The audit firm auditing financial statements of the Company and OPONEO.PL Capital Group for financial year 2018, that is *HLB M2 Audit Pie spółka z ograniczoną odpowiedzialnością*, was selected by the Supervisory Board in accordance with the applicable provisions, including those on selection and selection procedure of the audit firm.

Both the audit firm and members of the auditing team met the requirements for preparing an unbiased report from auditing of financial statements of the Company and the OPONEO.PL Capital Group for financial year 2018, in accordance with the applicable provisions, professional standards and rules governing professional ethics.

Previously, the company *HLB M2 Audit PIE Spółka z ograniczoną odpowiedzialnością* had not provided services in the scope of review and auditing of financial statement to OPONEO.PL S.A.

Moreover, the company complies with the applicable law on rotation of audit firm and key statutory auditor and on obligatory waiting periods.

#### 4.4.4. Management

##### Composition

According to the Statute, the Board consists of one or more members. Members of the Management Board are appointed and dismissed by a resolution of the Supervisory Board, which entrusts the function of the President of the Management Board to one of the Members. The term of office of the Management Board is common and lasts five years.

As at 31 December 2018, the Management Board of OPONEO.PL S.A. was as follows:

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

##### Competence

The Management Board of the Company is entitled and obliged to make any decisions relating to the operative management of the affairs of OPONEO.PL Joint-Stock Company.

The scope of activities of the Management Board shall especially include:

- running the Company's business,
- preparing the Management Board's reports on the Company's activities, balance sheet, as well as profit and loss account, in the manner and within the deadlines set by the applicable laws,
- keeping the minutes of the General Meeting, as well as the books of adopted resolutions,
- executing resolutions of the General Meeting and adhering to the recommendations and resolutions of the Supervisory Board,
- keeping all matters not reserved for the other Company's governing bodies.



The Management Board is obliged to fulfil all obligations incumbent upon it by virtue of the binding provisions of law, as well as binding resolutions and entitled under separate regulations of external control and management bodies of the Company's organs.

Matters outside the normal management require resolution of the Management Board; these matters mostly include:

- approving execution of orders if their value exceeds 10% of Company's share capital;
- entering into a contract with a value exceeding 10% of the share capital, and conclusion of all general contracts;
- entering into a sponsorship or advertising agreement with a value exceeding 10% of the Company's share capital;
- concluding an agency brokering or similar contract, if it may result in future commission or other form of remuneration exceeding 10% of the Company's share capital;
- concluding an agreement on transfer of Company's ownership;
- establishing a mortgage on the property owned by the Company;
- acquisition, modernization, extension, etc. of fixed assets excluding 10% of the Company's share capital, that are not included in the investment plan submitted for approval by the Supervisory Board;
- referring the case to court, administrative or arbitration court if the value of the dispute exceeds 10% of the Company's share capital.

The Management Board is obliged to submit requests to the Management Board on matters concerning establishment of new companies, joining existing companies and economic organizations as well as acquisition and sale of shares and stocks in other companies.

#### 4.4.5. Remuneration of statutory authorities

Information on paid or payable remunerations of managers and supervisors of OPONEO.PL S.A. has been disclosed in the Group's consolidated financial statements for 2018, in item 5.8.

On 4 April 2011, OPONEO.PL S.A. and all Members of the Management Board signed agreements on acting as a Member of the Management Board, and they provide for – in case of dismissal of Members of the Management Board, for reasons other than a gross violation of duties – a one-time termination payment in the amount of three monthly salaries received in the Company for all performed functions. The remuneration is calculated on the basis of the average remuneration received for all performed functions within 12 months, before the termination of his/her function in the Company's Management Board.

#### 4.5. DIVERSITY POLICY

OPONEO.PL S.A. strives to ensure gender, field of study, age and professional experience diversity of all its employees, especially the management and key managers.

The Company applies rules that promote the prevention of discrimination in employment, particularly on grounds of gender, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnicity, faith or sexual orientation. For this purpose, internal regulations have been developed to increase diversity and to ensure equal opportunities for employment among the employed. OPONEO.PL S.A., as a company with international reach, employs people of different nationalities.

#### 4.6. ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS

On 19 July 2018, the Supervisory Board of OPONEO.PL S.A. chose *HLB M2 Audit PIE Spółka z ograniczoną odpowiedzialnością* to conduct:

- A review of interim individual and consolidated financial statements prepared according to IFRS/IAS for the period 01.01.2018 – 30.06.2018.
- An audit of interim individual and consolidated financial statements prepared according to IFRS/IAS for the period 01.01.2018 – 31.12.2018.
- A review of interim individual and consolidated financial statements prepared according to IFRS/IAS for the period 01.01.2019 – 30.06.2019.
- An audit of interim individual and consolidated financial statements prepared according to IFRS/IAS for the period 01.01.2019 – 31.12.2019.

*HLB M2 Audit PIE Spółka z ograniczoną odpowiedzialnością* with its registered office in Warsaw, is entered in the list of entities authorized to audit financial statements under the registration number 4123.

Previously OPONEO.PL S.A. had not used the services provided by *HLB M2 Audit PIE Spółka z ograniczoną odpowiedzialnością* in the scope of review and auditing of financial statements.

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
<b>In total</b>	<b>65</b>	<b>50</b>

#### 4.7. INFORMATION OF THE MANAGEMENT BOARD ON THE CHOICE OF AUDIT FIRM CONDUCTING AUDIT OF ANNUAL FINANCIAL STATEMENTS

On the basis of the statement issued by the Supervisory Board of OPONEO.PL S.A., on the entity authorised to audit the Company's separate annual financial statements and consolidated annual financial statements of the OPONEO.PL Capital Group, the Management Board of OPONEO.PL S.A. informs that:

- The audit firm auditing financial statements of the Company and the OPONEO.PL Capital Group for financial year 2018, that is *HLB M2 Audit Pie spółka z ograniczoną odpowiedzialnością* (further referred to as: "Audit Firm") was selected by the Supervisory Board in accordance with the applicable provisions, including those on selection and selection procedure of the audit firm.
- Both the audit firm and members of the auditing team met the requirements for preparing an unbiased report from auditing of financial statements of the Company and the OPONEO.PL Capital Group for financial year 2018, in accordance with the applicable provisions, professional standards and rules governing professional ethics.
- The Company complies with the applicable law on rotation of audit firm and key statutory auditor and on obligatory waiting periods.
- The Company has a policy on choosing an audit firm and on provision of additional services other than auditing, including services conditionally exempted from the prohibition of

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provision by an audit firm, to the Company by an audit firm, its related entity or member of its network.

## 5. NON-FINANCIAL ASPECTS OF OPERATIONS OF OPONEO.PL, THAT IS OUR IMPACT ON THE SOCIETY AND ENVIRONMENT



## **INFORMATION - Company's clarification in response to legal changes on reporting non-financial data.**

This document is not a Declaration on non-financial data required by amendments in the Polish Accounting Act of 29 September 1994 (consolidated text Dz. U. [*Journal of Laws*] of 2017, item 2201, as amended) resulting from transposition of the Directive 2014/95/EU into Polish law. In 2017, OPONEO.PL does not meet the requirements, specified in the Polish Accounting Act, for preparing such a document neither at the level of the Parent company OPONEO.PL S.A. nor at the level of the OPONEO.PL Group.

However, OPONEO.PL S.A., in support of the intention to increase transparency of social and environmental information, in view of its years of activities in the spirit of sustainable development and analysing dynamic growth of the OPONEO.PL Group, decided to carry out an internal analysis and prepare this opening report in the scope of "Non-financial aspects of operations of OPONEO.PL".

## **5. MANAGEMENT OF SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY IN OPONEO.PL**

### **5.1. BUSINESS PHILOSOPHY**

Since the start of its operations, OPONEO.PL S.A. follows 3 key principles:

- capital - people forming a harmonious team which pursues the common objective,
- work - activities based on partnership cooperation and altruism,
- success - the result of using human talents, tailored to tasks and with care of personal development and constant improvement of skills.

These values lead to continuous growth of OPONEO.PL S.A., stressing the importance of people in the organisation. They are the most precious resource, and without them the Company would not be where it is today. Social responsibility of OPONEO.PL S.A is mostly care about rights of employees, building their motivation and satisfaction and creating space for their development within the company structures.

Tyres and their testing on the racing track is the passion of the founders of OPONEO.PL S.A. Polish Rally Championships or Rallycross racing are a great opportunity for Company's employees to see how tyres perform in the most extreme conditions Sponsorship of motor sports was a natural direction for the Company. A significant part of the Company's employees come from Bydgoszcz and its region, therefore the Company's social and charity activities are directed to this region. These activities concentrate in, among others, support of sport initiatives and hobbies of children and adults.

Impact on the Company's environment is mainly its office and warehouse activities as well as transport of wheels. The Company's guiding principle is minimisation of negative impact, which frequently is in line with financial benefits due to enhancing the efficiency and optimisation of processes. OPONEO.PL S.A. has been consistently implementing effective ecological solutions within the scope of management of office and warehouse areas and improving the routes of tyre delivery to customers in order to reduce the time of transport which translates into the level of gas emissions to the environment.

The highest level of customer service is a natural consequence of the business model of OPONEO.PL S.A. The Company implements a number of activities and processes aimed at continuous

improvement, from establishing customer service standards through training of employees to quality control.

## 5.2. OUR STAKEHOLDERS

As a result of its business activities, OPONEO.PL S.A. contacts and influences a number of entities, people and organisations – the so-called stakeholders. Their analysis with regard their impact on business and their interest in the organisation make it possible to establish priorities for building relations.

The following groups of stakeholders are crucial for the Company's business activities and fundamental in terms of its social responsibility:

- **Employees** – it is the Company's basic resource which allows it to generate value.
- **Customers** – continuous improvement of service quality contributes to greater loyalty of customers and expands customer base.
- **Tyre manufacturers and wholesalers** – good relations enable efficient cooperation for mutual benefits.
- **Internet community** – e-commerce is the essence of the business of OPONEO.PL S.A. This means that the company is part of the Internet community, respecting the applicable rights, standards and rules.
- **Carriers (couriers)** – durable relationships and good communication are the basis for effective logistics.
- **International competitors** – monitoring of activities in terms of entering the market by large international companies which specialise in wholesale of car parts, including tyres.
- **Service centres** – building a network of service partners for the purpose of improving customer experience.
- **Polish nationwide media** – using them for building corporate image is crucial in order to reach customers.

## 5.3. NON-FINANCIAL RISKS

In connection with operations of OPONEO.PL S.A., we can identify a number of non-financial risks in terms of sustainable development and responsible business, like for example:

RISK	DESCRIPTION OF THE RISK	RISK MANAGEMENT
<b>EXTERNAL AND MARKET ENVIRONMENT AS WELL AS RANDOM EVENTS</b>		
<b>Risk attributable to seasonal nature of sales and weather conditions</b>	The market of tyre sales is characterised by high volatility. Two basic periods can be differentiated – spring and winter, that is times of tyre replacement. Additionally, weather conditions may lead to considerable shifts in this regard.	<p>A qualified team of analysts constantly monitors sales of tyres and forecasts their fluctuations. This has influence on the number of persons working in the customer service team or involved in dispatch. The Company also sells all-season tyres which are becoming increasingly popular in Poland.</p> <p>In addition, the Company sells steel and aluminium wheels which give high yield and lower seasonal fluctuations.</p>

<b>The risk of loss of property due to fire, flooding or other chance events - related to concentration of commodities in one place</b>	The logistic centre and basic warehouse facilities are located in the Bydgoszcz region. Any accidental events (fire, flood, etc.) would result in serious disruptions of continuity of deliveries to recipients, and especially in delayed deliveries. This would result in discontinuity of revenues and possible loss of some part of market.	Decentralisation of inventories was implemented with the use of a new warehouse. Moreover, ongoing supervision of compliance with all fire protection and occupational health and safety standards is carried out in warehouses. A system was implemented to allow systematic backups of all information and possible immediate recovery of the IT network based on an emergency system, and also appropriate insurance contracts guaranteeing full coverage of possible losses were concluded.
<b>EMPLOYEES AND CUSTOMERS</b>		
<b>Risk of losing qualified staff</b>	Due to the specific nature of the industry, highly qualified specialists play the key role in the structure, especially those with degree in computer science. When an employee leaves the company, it creates a tangible loss because it requires recruiting and training of a properly qualified replacement.	OPONEO.PL S.A. runs human resource policies which encourage employees to plan their professional future in our company.
<b>Risk related to real or perceived discrimination at the level of recruitment, work, promotion or determining remuneration.</b>	Recruitment announcements which may potentially discriminate certain groups (for example targeting a specific gender or age group) or practices for employment, promotion or remuneration which may contain the elements of discrimination put an employer in the risk of complaints and legal actions.	Following its Staff Rules, OPONEO.PL S.A. avoids any form of discrimination. In practice, it also translates into creating neutral and non-discriminating recruitment announcements and also caring about equality in recruitment, promotions and determining of remuneration.
<b>Risk of losing customers or damage in terms of image as a result of unprofessional service</b>	Customers are sensitive to the order execution process and its efficiency as well as guidance and level of customer support. There is a risk of damage to image and failure to complete a sales transaction if expectations in this regard are not met.	The Company's actions taken to prevent such risk consist in regular customer satisfaction surveys, strict quality control and also proving appropriate to personnel.
<b>CORRUPTION AND ABUSE</b>		

<b>Risk related to a leak of confidential information</b>	A possible leak of information on current commercial terms and conditions (including policy and terms of sales and purchase from suppliers) and of customer base could deteriorate the Company's competitive position and lead to failure to reach the planned revenues.	Confidential information is made available only to top-management employees. Moreover, the scope of access to data depends on the scope of tasks of individual employees.
<b>Risk connected with potential hacking of the website (loss of trust in the website)</b>	E-commerce activities create the potential risk of cyber-crimes, such as hacking into the system and its destruction as well as damage or denial of service.	OPONEO.PL S.A. maintains a team responsible for security of the website and applies appropriate security systems and security procedures.
<b>ENVIRONMENTAL PROTECTION AND SOCIAL ACTIVITIES</b>		
<b>Risk related to environmental protection regulations</b>	There is a risk of new environmental tax on used tyres which may be imposed on sellers of new tyres. This would slightly influence results of the Company. A company which markets tyres which come from outside of Poland is obliged to bear the costs of their future recycling.	OPONEO.PL S.A. pays the necessary product (recycling) fees in this regard.
<b>Risk linked to the support of controversial organisations and projects</b>	Support in the form of donations and other forms of Company's involvement in activities of organisations operating on the verge of legality or highly controversial ones, e.g. of a racist, religious or political character or spread discriminating slogans or use hate speech.	Before any cooperation is started or support is provided, the Company collects information and carefully verifies a given organisation. OPONEO.PL S.A. supports only organisations/projects which benefit local communities from the Company's region or which pursue the objectives and values which are relevant to the Company.

#### 5.4. OUR ACTIVITIES IN THE AREA OF SUSTAINABLE DEVELOPMENT

Since its establishment, OPONEO.PL S.A carries out activities which are in line with the philosophy of responsible business and sustainable development. These activities range from managing employees through construction of offices and warehouses as well as optimisation of transportation routes to sponsorship of motor sports and charity activities. In connection with requirements regarding reporting of non-financial data, the Company decided to prepare an opening report and sum up its activities, despite the fact that there was no such obligation as at 31 December 2018.

The following pages present the Company's approach and activities in the scope of:



- Employment aspects,
- Diversity and respect for human rights,
- Preventing corruption,
- Social aspects,
- Environmental protection.

Each area describes the Company's policy on the basis of established and implemented documents, standards or solutions; due diligence procedures and Company's activities and their results are presented.

#### 5.4.1. Managing people

*"Before we conquered 13 European countries, there was just a group of friends, strong desire and dreams about success."*

Activities of OPONEO.PL S.A. concentrate on the e-commerce market, but it would not be possible without employees, who are the Company's greatest resource. OPONEO.PL S.A. is a Polish company which steadily expands on the European market and, due to its dynamic growth, is constantly looking for both specialists and persons who want to gain professional experience. The Company also provides options for internal development through vertical and horizontal promotions and also formation of new organisational units within its structure, based on diagnosed needs and opportunities.

#### Employment in OPONEO.PL S.A.

	31.12.2018	31.12.2017
Total number of employees	323	254
Number of employees in managerial positions	18	32
Total number of employees broken down by gender	113 women, 210 men	96 women, 158 men

As part of its human resources management, the Company desires to employ and keep motivated workers who have the expected competencies and qualifications. In the recruitment process OPONEO.PL S.A. considers solely substantive aspects, following the principle of equal opportunities when concerning current staff needs specified by individual teams. For more details, please see chapter 2.2.1 - on diversity and respects for the rights of workers.

**Employee turnover in OPONEO.PL S.A.**

	31.12.2018	31.12.2017
Total number of new employees broken down by gender	150 persons including 38 women and 105 men	4585 persons including 38 women and 47 men
Number of persons who terminated their work, by gender	81 persons including 24 women and 53 men	2856 persons including 24 women and 32 men

Depending on the department, internal recruitment (within the commercial department) and also recruitment on recommendation, especially when concerning highly specialised positions like IT, is carried out. Moreover, OPONEO.PL S.A. takes actions aiming at supporting recruitment, like for example:

- Presentation of the company and possible vacancies, competition for graduates of the Complex of Automotive Schools and also continuing of cooperation with the school through posting job offers on the school website.
- Participation in regional job fairs.
- Cooperation with universities in the Kuyavian-Pomeranian Voivodship and the Lublin Catholic University of John Paul II on HR activities, including student placements and job offers for positions which require fluency in foreign languages.

Employees receive monthly salary on the basis of the hourly rate specified in the contract and actual working hours or a specified commission. There is allowance for overtime hours. Equal pay for equal work or for work of equal value is the basic principle for remuneration, which covers all remuneration components. The Company has no Company Social Benefits Fund and does not pay holiday benefits.

In everyday work, emphasis is put on personal development of employees, and the responsibility for this is shared by an employee and his employer. Dedicated departments and persons participate in thematic training. Additionally, externally financed training courses are conducted. New employees, especially in Customer Service Departments (CSD), undergo induction which allows them to get to know the company and learn about customer service standards. Product training courses are carried out in cooperation with manufacturers before each new season. These training courses cover technical parameters, test results, interesting industry facts and also novelties for a given season. Internal training covers broadly defined knowledge on models of tyres, wheels, treads, approval and also customer service – including discussing the principles for assessing conversations with customers. Such training is obligatory for each new CSD worker. Organisation of meetings on a race track, where team integration, improvement of driving techniques, product-related training and tests of selected tyres were carried out, was a great attraction which was related to the nature of the sold product.

Motivation and satisfaction of employees are key elements for the Company's growth. Special emphasis is put on friendly atmosphere and good relations at work. The Company cares about diversity and values individuality of each employee, which translates into shaping individual career paths. Horizontal promotions and internal rotations take place in OPONEO.PL S.A. Employees change departments and teams or take up new areas of competence under newly-created teams initiated by them. Clear objectives are being set and employees are taken responsible for their areas of work, but they receive support with the use of appropriate tools. Employee feedback is collected regularly within individual teams. Employee commitment surveys were carried out in CSD, which translated into improvement of bonus systems in individual teams. Moreover, under the "Review of work and development" employees receive feedback from their superior on their work and further development.

OPONEO.PL S.A. provides its employees with the following benefits:

- English courses for those who use the language at work.
- Daily fresh fruit in the office.
- Free replacement of tyres for employees.
- Discounts for bicycles and tyres.
- Due to the construction of a new office building, the following facilities were available for employees in 2018:
  - restaurant,
  - relaxation zone in the building,
  - gym, fitness zone,
  - breastfeeding room for young mothers,
  - facilities for disabled (lifts, wide passages, toilets).

#### 5.4.2. Diversity and respect for human rights

Respect of human dignity, equality and diversity, especially of Company employees, business partners and customers, is one of key principles in Company's everyday activities. Mutual respect, good atmosphere at work and the highest customer service standards are the basics for everyone working in OPONEO.PL S.A. Internal regulations on equality, diversity and human rights are based on the existing Polish legislation, like the Constitution of the Republic of Poland, Labour Code and Civil Code. The basic documents governing Company's approach in this regard are Work Regulations and Remuneration Regulations.

#### EMPLOYEES

OPONEO.PL S.A. strives to ensure diversity of all its employees, especially the Company's management and key managers. The Company applies rules that promote the prevention of discrimination in employment, particularly on grounds of gender, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnicity, faith or sexual orientation. For this purpose, internal regulations have been developed to increase diversity and to ensure equal opportunities for employment among the employed. When concerning the aspects of diversity, like field of education or level of professional experience – recruitment is always based on specific requirements for a given position, both in the scope of specific professional qualifications and specific soft skills.

#### Information on the participation of women and men in the Management Board and the Supervisory Board

Following the principle of "Code of Best Practice for WSE Listed Companies" OPONEO.PL S.A presents the share of women and men in its Management Board and Supervisory Board.

#### Management Board of OPONEO.PL S.A.

	31.12.2018		31.12.2017		31.12.2016	
	number of people	number of people	number of people	%	number of people	%
Women	-	-	-	-	-	-
Men	5	5	4	100	4	100
In total	5	5	4	100	4	100

#### The Supervisory Board of OPONEO.PL S.A.

31.12.2018	31.12.2017	31.12.2016
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	number of people	%	number of people	%	number of people	%
Women	1	20	-	-	-	-
Men	4	80	5	100	5	100
In total	5	100	5	100	5	100

The aim of OPONEO.PL S.A. is to create working environment which is characterised by respect for human rights and which is free from any signs of discrimination and unequal treatment. Each new employee of OPONEO.PL S.A. is informed on the obligation of equal treatment in the scope of establishment and termination of the employment relationship conditions of employment, promotion and access to training aimed at raising professional qualifications, regardless of any aspects of diversity, including the legal form of employment. The Company has a zero tolerance policy with respect to discrimination and mobbing, making the employees aware how these phenomena may look like in practice. Relevant provisions are included in Work Regulations, collected in one of its appendices and handed over to each newly-employed worker.

In its everyday operations, OPONEO.PL S.A. strives to ensure occupational health and safety by full compliance with the relevant national provisions of law. Each new employee undergoes obligatory medical examinations which are repeated periodically. Next, they receive training on health and safety regulations and certify that they read and understood environmental risks. The aim is to minimise the possibility of accidents. There are no occupational diseases in the Company. OPONEO.PL S.A. does not in any way restrict freedom of association of workers and their rights to form unions and association under Polish law. Currently, there are no trade unions in the Company and there is no collective agreement in force.

#### 5.4.3. Our customers

Customer service is one of the key priorities of OPONEO.PL S.A. The Company would like the customers to be satisfied with their shopping experience, and to be sure that the Company cares for their road safety by selling products of the best quality. Oponeo.pl is also a place where the customers can find professional information concerning tyres, current tests, opinions of other users and reports from sport events supported by the Company.

Each employee who starts working in the Customer Service Department of OPONEO.PL S.A. has to become familiar with standards concerning quality of customer service. The Company has established a Book of Standards, which is the accepted set of applicable rules regarding external and internal customer service. Also, a new employees receive all necessary information, rules and guidance notes during induction and they are regularly checked whether they apply them in everyday work. Moreover, as part of improving the quality of our customer service and controlling the accepted standards, conversations between the Company's employees and customers are recorded and listened to on a regular basis. One of the elements of a bonus system is assessment, which is determined individually for each team. For us, it is an important source of feedback concerning customers' needs concerning the provision of services as well as any potential training needs of the Company's employees.

Each customer can assess the service, talk with a Company's employee and file a complaint. Each time, customers receive a survey to the provided e-mail address with a request for rating. Additionally, our customers can use mailboxes: [info@oponeo.pl](mailto:info@oponeo.pl) / [reklamacje@oponeo.pl](mailto:reklamacje@oponeo.pl) / [uwagi@oponeo.pl](mailto:uwagi@oponeo.pl) to which they can send their questions, opinions and remarks. Both the surveys and notifications sent to mailboxes are regularly checked and analysed. Specific claim procedures are implemented in the Company, and they are described on public website: <https://www.oponeo.pl/reklamacje>. Within the scope of the claim procedure, each customer receives, on an ongoing basis, email notifications concerning the progress of the claim procedure and further steps.

## 5.5. PREVENTING CORRUPTION

OPONEO.PL S.A. has a number of functioning internal regulations applied in the area of preventing corruption.

The Company does not accept the following actions which appear to constitute corruption or abuse:

- appropriation of property of the Company, affiliates or contractors,
- publishing incorrect data in the financial statements or improper application of accounting principles,
- promising, offering, instigation, giving financial or personal benefits,
- accepting or giving gifts in cash,
- all other wilful acts resulting in an injury to the Company or violating the existing regulations and procedures.

When holding any negotiations, concluding agreements/contracts or in relevant contacts with public authorities or business entities the employees responsible for the process should act with the knowledge and agreement of the Management Board. Any and all payments for the benefit of external entities, including donations and sponsoring, require the acceptance from the Management Board or an indicated person. Transfer of resources from Company's funds (or donations in kind) for the benefit of a political party, party member or a political committee or to a candidate for a public, regional or local office is forbidden. For confidential information within the meaning of Art. 9 of the MAR regulation, procedures required by MAR apply. An Audit Committee functions in the Company as part of the Supervisory Board.

## 5.6. SOCIAL ENGAGEMENT

The aim of OPONEO.PL is to be good and valued neighbour within the community in which it operates. At the same time, the Company strives for building reliable image within the industry by undertaking various sponsoring measures related with motor sports.

The Company's operations for the benefit of the community are concentrated on the following issues:

- Supporting development of motor sports.
- Supporting sport initiatives and passions of children and adults.

Additionally, the Company undertakes various activities within the local community in the territory of Bydgoszcz and in the neighbourhood.

### Supporting development of motor sports

The main area of social involvement of OPONEO.PL S.A are initiatives concerning development of motor sports. The beginning constitutes organisation of 4 free training courses called "**Bezpieczna Jazda z OPONEO**" [*Safe driving with OPONEO*] including theoretical training (correct position behind the wheel, impact of vehicle elements on safe driving) and practical contests - slalom, correct cornering, simulation of skids, Stewart test, braking on loose surfaces avoiding an obstacle.

Interest in motor sports is a natural development path for a sales leader of tyres through the internet. The Company established the **Stowarzyszenie OPONEO Motorsport** [*OPONEO Motorsport Association*] whose main goal is to make rallycross popular again in Poland - by organisation of competitions, training of future competitors and referees. In 2018, OPONEO.PL S.A was a title sponsor

of the Polish Rallycross Championship The efforts and contribution to development of motor sports was appreciated by the Polish Automobile and Motorcycle Association who awarded the OPONEO.PL Group as a winner in the sponsorship category. More details: <http://www.rallycross.com.pl/>.

### Supporting sport initiatives and passions of children and adults

The next area of the Company's involvement is **cycling**, which is in line with development of one of the OPONEO.PL S.A companies, namely Dadelo.pl S.A., which sells bikes and bike accessories. OPONEO.PL S.A. created the OPONEO cycling group which participated in a number of races including Polish Championship.

OPONEO.PL S.A. takes individual approach to each sponsorship offer. The Company, by supporting sportsmen and enthusiasts of long travels, tries to present OPONEO.PL not only as an online shop but also as a company which **helps to develop people's hobbies**. In recent years, OPONEO.PL S.A has supported a number of travels abroad, including but not limited to "Bezgranic 4x4" travellers who organise OFF-road trips, a couple of travellers "Szpilki na Mapie", who spent over 3 years travelling through Africa and South America as well as Arkady Fiedler within the "Electric Explorer African Challenge" project, that is the first travel through Africa by electric car in order to promote electromobility.

A separate area of OPONEO.PL S.A.'s involvement is support of **children and needy people in the local community**.

**"OPONEO Wakacje"** [*OPONEO holidays*] is free holiday training for children under 13, organised in cooperation with the Bydgoski Klub Sportowy "Chemik" [*„Chemik” Bydgoszcz Sport Club*]. The aim of the project is to activate children through sport and provide the possibility to spend their time during holidays in an active way. In 2018, 2017 and 2016 editions there were 400 participants. In 2016, the initiative took the form of a Polish nationwide action called "OPONEO wspiera młodych" [*OPONEO supports the youth*]. Its aim was to reach smaller clubs in Poland and support them financially to help developing love for sports among the youngest. The Company funded the total of 698 sets of kits for young players of football clubs.

OPONEO.PL S.A supported the organisation of **"Uśmiechnięty dzień"** [*Smiling day*] for children from orphanages, youth community centres and other institutions as well as needy families from the Kujawy and Pomerania region. During the summer edition, 200 children spent their day in a ZOO and in Myślęcinek park in Bydgoszcz, that is the largest city park in Poland. Similarly, during the winter edition approximately 200 children, including kids from areas currently affected by storms, spent the whole day in the Family Park Play Centre.

For 4 years, OPONEO.PL S.A has been participating in the **"Życzenia Dzieciom"** [*Wishes for children*] **Action** realised twice during the year on the occasion of holidays in Radio Plus Bydgoszcz. The money collected during the action is spent for summer stay of children in the mountains or by the sea which is organised by Towarzystwo Przyjaciół Dzieci - Kujawsko-Pomorski Oddział Regionalny Koło Pomocy Dzieciom z Chorobą Nowotworową [*the society of the friends of children - the Kujawy and Pomerania regional branch, support group for children with cancer*].

OPONEO.PL S.A. also funded a set of new car tyres for parents of one of the **"Słoneczko"** foundation's dependent, so they could safely drive the child to rehabilitation classes. The foundation helps disabled people to collect money for rehabilitation, treatment and equipment. More information: <http://www.fundacja-sloneczko.pl/>.

In 2018, OPONEO.PL S.A bought sets of car tyres for Grupa Ratownictwa Specjalistycznego OSP Starówka [OSP Starówka *rescue group*] and Centrum Adopcyjne Lecznicy „Ada” [“Ada” *clinic’s adoption centre*].

## 5.7. ENVIRONMENTAL PROTECTION

Impact on the Company’s environment is mainly its office and warehouse activities as well as transport of wheels. The guiding principle of the Company is minimisation of negative influence, which is often in line with financial benefits due to enhancing the efficiency and optimisation of processes.

OPONEO.PL S.A. has been consistently implementing effective ecological solutions within the scope of management of office and warehouse areas. When expanding the registered office by the next office building, it consistently used the ecological energy sources which supply the high-performance central heating system as well as air conditioning and ventilation systems. A few dozen of geothermal boreholes were made and using a lower spring, a system of heat pumps with heating power of approx. 500 kW was started. Window woodwork with increased thermal and sound insulation index was used in the new building. In 2018, the woodwork was replaced also in old buildings. Additional pro-ecological solutions in the new building consist in using mechanical ventilation system with heat recovery and increasing of insulation of wall barriers including walls, roof and floors.

LED lighting was installed in the entire building, and similar external lighting is expected to be installed in the Company’s premises. The new, enlarged Company’s premises were illuminated by means of LED lighting, and the existing external lighting was replaced. At the same time, modernisation of lighting system of the existing buildings, which consisted in replacement of light fittings by energy-saving ones, was carried out. Within the framework of the replacement, 300 pieces of glow lamp fittings of 72W/pc were dismantled and replaced by 290 pieces of LED light fittings of 40W/pc.

### Demand for final energy and emission of CO<sub>2</sub>\*

Energy carrier	Primary non-renewable energy input factors	Emission factor [kgCO <sub>2</sub> /GJ] or [MgCO <sub>2</sub> /MWh]  acc. to KOBIZE	Pre-modernization situation	
			Demand for final energy [GJ/year] or [MWh/year]	Amount of emission [MgCO <sub>2</sub> /year]
BUILDING 1				
Electric power	-	0.798	78.66	62.77
BUILDING 2				
Electric power	-	0.798	71.746	57.25
WAREHOUSE				
Electric power	-	0.798	28.401	22.66
TOTAL				142.68

\*Data on the basis of energy audit conducted in September 2017

As a result of the energy audit conducted in 2017, in 2018 the Company carried out a number of operations aiming at improvement and taking energy-efficient actions selected on the basis of assessment of technical condition. In order to reduce heat loss in buildings resulting from transmission through external walls, the façade was insulated by means of composite (insulating) panels.



Additionally, as part of modernisation of the heating system, the warehouse was connected to the heat pump which is installed in the neighbouring office building. This allowed for using the heat energy excess from geothermal source during winter in order to heat up the neighbouring warehouse. The result of connecting the warehouse to the heat pump was elimination of heating oil usage. The environmental effect is reducing emission of harmful substances, and the social effect is improving working conditions of employees and other people staying in the modernised building.

Replacement of common fixtures to water saving fixtures was carried out in the old building. As a result of the renovation, the fixtures in all washing facilities (8 pcs.) were replaced by automatic ones with electric controls and flow rate limiters which reduce water usage/cycle. Moreover, installation of the irrigation system of green areas supplied with precipitation water from roofs is planned. Disposal of precipitation water from car parks after its pre-treatment to municipal storm water drainage is realised. A separator reduces the amount of oil-derivative pollution contained in precipitation water collected from car parks. Waste is sorted throughout the Company premises.

The Company strives for improving delivery routes of tyres to customers in order to reduce the time of transport and length of routes, which translates into emission levels of fumes to the environment. In conjunction with huge volumes of goods sent from the Company's warehouse, a decision of decentralisation of logistics activities was made and, a new logistics centre was opened in Siechnice near Wrocław. This warehouse serves clients from south-western Poland. What is more, in connection with burdensomeness of transport for the local community, the distribution centre in Bydgoszcz was moved to industrial park near the ring road to the motorway and, thanks to that, the number of trucks driving through Bydgoszcz was reduced.

The Company has the obligation of tyre disposal - 2800 wheels were disposed in 2018 and 8088 wheels from car service points were accepted for utilisation.



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## **APPROVAL FOR PUBLICATION**

The Management Board's report on operations was approved for publishing by the Management Board of OPONEO.PL S.A. on 28 March 2019.

**Signatures of persons representing the Company:**

**Dariusz Topolewski**

President of the Management Board

**Michał Butkiewicz**

Board Member

**Maciej Karpusiewicz**

Board Member

**Ernest Pujso**

Board Member

**Wojciech Topolewski**

Board Member

**Bydgoszcz, 28 March 2019**

# oponeo

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oponeo

**felgi.pl**  
sklep i przymierzalnia

 **AUTOCENTRUM**

 ***dadelo***