
*Consolidated half-year report of the Auto Partner Group for the six months from January 1st to
June 30th 2021*



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This consolidated half-year report of the Auto Partner Group for the six months from January 1st to June 30th 2021 contains interim condensed consolidated financial statements of the Group. This document also contains the interim condensed financial statements of the parent in accordance with Section 62.3 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

I. Interim condensed consolidated financial statements

Interim consolidated statement of profit or loss and other comprehensive income

| | Note | for the 3 months ended | | for the 6 months ended | |
|---|------|----------------------------|----------------------------|--------------------------|--------------------------|
| | | Jun 30 2021 unaudited*) | Jun 30 2020 unaudited*) | Jun 30 2021 unaudited | Jun 30 2020 unaudited |
| Revenue | 8 | 587,223 | 396,670 | 1,062,912 | 767,773 |
| Cost of sales | 9 | (414,922) | (276,563) | (759,186) | (550,370) |
| Gross profit (loss) | | 172,301 | 120,107 | 303,726 | 217,403 |
| Distribution costs and marketing expenses | 9 | (59,794) | (42,779) | (108,899) | (87,566) |
| Warehousing (logistics) costs | 9 | (34,274) | (25,724) | (61,605) | (52,381) |
| Management and administrative expenses | 9 | (8,412) | (7,860) | (14,331) | (14,298) |
| Other net gains (losses) | 10 | 522 | (804) | (14) | (1,145) |
| Other income | | 96 | 48 | 204 | 85 |
| Other expenses | | (1,046) | (110) | (1,125) | (219) |
| Operating profit (loss) | | 69,393 | 42,878 | 117,956 | 61,879 |
| Finance income | 11 | 908 | (322) | 958 | 68 |
| Finance costs | 12 | (1,403) | (2,084) | (3,290) | (5,779) |
| Profit (loss) before tax | | 68,898 | 40,472 | 115,624 | 56,168 |
| Income tax | | (13,288) | (7,866) | (22,259) | (10,884) |
| Net profit (loss) | | 55,610 | 32,606 | 93,365 | 45,284 |
| Translation reserve | | 27 | (14) | (93) | 45 |
| Other comprehensive income subject to reclassification to profit or loss | | 27 | (14) | (93) | 45 |
| Other comprehensive income, net | | 27 | (14) | (93) | 45 |
| TOTAL COMPREHENSIVE INCOME | | 55,637 | 32,592 | 93,272 | 45,329 |
| Net profit (loss) attributable to: | | | | | |
| Owners of the parent | | 55,610 | 32,606 | 93,365 | 45,284 |
| Non-controlling interests | | - | - | - | - |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 55,637 | 32,592 | 93,272 | 45,329 |
| Non-controlling interests | | - | - | - | - |
| Earnings (loss) per share (PLN per share) | | | | | |
| From continuing operations: | | | | | |
| Basic | | 0.42 | 0.25 | 0.71 | 0.35 |
| Diluted | | 0.42 | 0.25 | 0.71 | 0.35 |

*) quarterly data has not been reviewed

Interim consolidated statement of financial position

| | Note | As at Jun 30 2021 unaudited | As at June 30th 2020 unaudited restated | As at Dec 31 2020 restated |
|--|------|--------------------------------|---|-------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 14 | 14,564 | 9,196 | 12,726 |
| Property, plant and equipment | 13 | 143,482 | 127,520 | 132,257 |
| Investments in other entities | 15 | 110 | 110 | 110 |
| Other long-term receivables | 18 | 2,614 | 1,814 | 2,043 |
| Other non-current financial assets | 16 | 8 | 34 | 30 |
| Deferred tax assets | | 863 | 1,732 | - |
| Total non-current assets | | 161,641 | 140,406 | 147,166 |
| Current assets | | | | |
| Inventories | 17.1 | 587,684 | 467,421 | 481,441 |
| Right-of-return assets | 17.2 | 15,471 | 11,338 | 10,211 |
| Trade and other receivables | 18 | 183,015 | 119,915 | 129,751 |
| Other financial assets | 16 | 8 | 7 | 7 |
| Current tax assets | | 202 | - | - |
| Cash and cash equivalents | 29 | 32,401 | 32,808 | 21,377 |
| Total current assets | | 818,781 | 631,489 | 642,787 |
| Total assets | | 980,422 | 771,895 | 789,953 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital issued | | 13,062 | 13,062 | 13,062 |
| Share premium | | 106,299 | 106,299 | 106,299 |
| Other capital reserves | | 1,718 | 2,108 | 1,811 |
| Retained earnings | | 442,058 | 296,057 | 361,755 |
| Equity attributable to owners of the parent | | 563,137 | 417,526 | 482,927 |
| Equity attributable to non-controlling interests | | - | - | - |
| Total equity | | 563,137 | 417,526 | 482,927 |
| Non-current liabilities | | | | |
| Long-term borrowings | 20 | 26,706 | 93,509 | 26,730 |
| Lease liabilities | 22 | 59,001 | 57,155 | 56,893 |
| Employee benefit obligations and provisions | 23 | 1,215 | 1,391 | 2,298 |
| Long-term provisions | | - | - | - |
| Deferred tax liability | | 4,903 | - | 5,005 |
| Total non-current liabilities | | 91,825 | 152,055 | 90,926 |
| Current liabilities | | | | |
| Trade and other payables | 21.1 | 130,345 | 131,708 | 79,458 |
| Contract and right-of-return liabilities | 21.2 | 20,554 | 14,828 | 13,215 |
| Short-term borrowings | 20 | 106,741 | 12,398 | 76,597 |
| Lease liabilities | 22 | 28,571 | 23,465 | 26,706 |
| Other financial liabilities | | - | 64 | - |
| Current tax liability | 30 | 16,236 | 2,230 | 1,413 |
| Employee benefit obligations and provisions | 23 | 21,448 | 17,112 | 18,016 |
| Short-term provisions | | 1,565 | 509 | 695 |
| Total current liabilities | | 325,460 | 202,314 | 216,100 |
| Total liabilities | | 417,285 | 354,369 | 307,026 |
| Total equity and liabilities | | 980,422 | 771,895 | 789,953 |

Interim consolidated statement of cash flows

| (indirect method) | Note | period ended | |
|--|------|--------------------------|-----------------------------------|
| | | Jun 30 2021 unaudited | Jun 30 2020 unaudited restated |
| Cash flows from operating activities | | | |
| Profit before tax | | 115,624 | 56,168 |
| Adjustments: | | | |
| Depreciation and amortisation | | 12,535 | 11,331 |
| Foreign exchange gains/losses | | (1,068) | 112 |
| Adjustments for gains/losses on sale of non-current assets | | 236 | 98 |
| Other adjustments with cash flows from financing or investing activities | | (58) | - |
| Finance costs recognised in profit or loss | | 3,272 | 4,424 |
| Other adjustments | | (6) | - |
| Change in inventories | | (106,243) | (6,888) |
| Change in right-of-return assets | | (5,260) | (3,810) |
| Change in trade and other receivables | | (54,053) | (1,288) |
| Change in trade and other payables | | 50,051 | 58,316 |
| Change in contract and right-of-return liabilities | | 7,339 | 5,050 |
| Change in employee benefit obligations and provisions | | 3,219 | 3,366 |
| Cash from operating activities | | 25,588 | 126,879 |
| Income tax paid | | (8,603) | (14,411) |
| Net cash from operating activities | | 16,985 | 112,468 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | | (6,537) | (2,644) |
| Disposal of property, plant and equipment and intangible assets | | 132 | 14 |
| Loans | | 2,410 | - |
| Repayment of loans | | (2,384) | 27 |
| Receipts from finance lease | | 5 | 4 |
| Interest received | | 58 | 4 |
| Receipts from forward contracts | | - | - |
| Payments for forward contracts | | - | - |
| Net cash from investing activities | | (6,316) | (2,595) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | - |
| Expenses related to issue of shares | | - | - |
| Dividend paid | | (13,062) | - |
| Borrowings received | | 30,643 | - |
| Borrowings repaid | | (20) | (67,421) |
| Repayment of financing – reverse factoring | | - | (14,370) |
| Repayment of financing – factoring | | - | (3,618) |
| Payments under finance lease contracts | | (13,576) | (12,526) |
| Interest and commissions paid | | (3,481) | (5,082) |
| Net cash from financing activities | | 504 | (103,017) |
| Total net cash flows | | 11,173 | 6,856 |
| Cash and cash equivalents at beginning of period | | 21,206 | 25,947 |
| <i>Effect of exchange rate movements on net cash in foreign currencies</i> | | 22 | 5 |
| Cash and cash equivalents at end of period | 29 | 32,379 | 32,803 |

Interim consolidated statement of changes in equity

| | Share capital issued | Capital from issue of warrants | Share premium | Retained earnings – other | Translation reserve | Attributable to owners of the parent | Attributable to non-controlling interests | Total |
|---|----------------------|--------------------------------|----------------|---------------------------|---------------------|--------------------------------------|---|----------------|
| As at Dec 31 2019 | 13,062 | 2,103 | 106,299 | 250,773 | (40) | 372,197 | - | 372,197 |
| Net profit for period | | | | 45,284 | | 45,284 | - | 45,284 |
| Other comprehensive income for period, net | | | | | 45 | 45 | - | 45 |
| Total comprehensive income | - | - | - | 45,284 | 45 | 45,329 | - | 45,329 |
| Dividend paid | | | | - | | - | - | - |
| Issue of ordinary shares | - | | - | | | - | - | - |
| Balance as at June 30th 2020 (unaudited) | 13,062 | 2,103 | 106,299 | 296,057 | 5 | 417,526 | - | 417,526 |
| As at Dec 31 2019 | 13,062 | 2,103 | 106,299 | 250,773 | (40) | 372,197 | - | 372,197 |
| Net profit for period | | | | 110,982 | | 110,982 | - | 110,982 |
| Other comprehensive income for period, net | | | | | (252) | (252) | - | (252) |
| Total comprehensive income | - | - | - | 110,982 | (252) | 110,730 | - | 110,730 |
| Dividend paid | | | | - | | - | - | - |
| Issue of ordinary shares | | | | | | - | - | - |
| As at Dec 31 2020 | 13,062 | 2,103 | 106,299 | 361,755 | (292) | 482,927 | - | 482,927 |
| Net profit for period | | | | 93,365 | | 93,365 | - | 93,365 |
| Other comprehensive income for period, net | | | | | (93) | (93) | - | (93) |
| Total comprehensive income | - | - | - | 93,365 | (93) | 93,272 | - | 93,272 |
| Dividend paid | | | | (13,062) | | (13,062) | - | (13,062) |
| Issue of ordinary shares | | | | | | - | - | - |
| Balance as at June 30th 2021 (unaudited) | 13,062 | 2,103 | 106,299 | 442,058 | (385) | 563,137 | - | 563,137 |

Notes

1. General information

The Parent

Auto Partner S.A. (the “Company” or the “Parent”) with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, Poland, is registered with the National Court Register at the District Court for Katowice-Wschód, 8th Commercial Division of the National Court Register, entry No. KRS 0000291327.

Principal business

The Company's principal business consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. The Company is an importer and distributor of parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and directives of the European Union.

Duration of the Company

The Company has been established for indefinite time.

Financial year

The Company's financial year is the same as the calendar year.

Composition of the Management Board as at the date of authorisation of the financial statements for issue

Aleksander Górecki – President of the Management Board,
Andrzej Manowski – Vice President of the Management Board,
Piotr Janta – Vice President of the Management Board.

Composition of the Supervisory Board as at the date of authorisation of the financial statements for issue

Jarosław Plisz – Chairman of the Supervisory Board,
Bogumił Woźny – Deputy Chairman of the Supervisory Board,
Andrzej Urban – Member of the Supervisory Board,
Bogumił Kamiński – Member of the Supervisory Board,
Mateusz Melich – Member of the Supervisory Board.

Commercial proxies

Grzegorz Lenda – joint commercial proxy.

Qualified Auditor

Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Spółka komandytowa
al. Jana Pawła II 22, 00-133 Warsaw, Poland

Listing venue

Auto Partner S.A. shares are listed on the Warsaw Stock Exchange in the continuous trading system.

Structure of share capital

The structure of the Company's share capital as at June 30th 2021 is presented below.

| The share capital consists of: | number of shares | par value per share | amount of share capital |
|---------------------------------------|-------------------------|----------------------------|--------------------------------|
| Series A ordinary bearer shares | 1,000 | PLN 0.10 | PLN 100.00 |
| Series B ordinary bearer shares | 111,110 | PLN 0.10 | PLN 11,111.00 |
| Series C ordinary bearer shares | 160,386 | PLN 0.10 | PLN 16,038.60 |
| Series D ordinary bearer shares | 48,319,769 | PLN 0.10 | PLN 4,831,976.90 |
| Series E ordinary bearer shares | 39,964,295 | PLN 0.10 | PLN 3,996,429.50 |
| Series F ordinary bearer shares | 4,444,440 | PLN 0.10 | PLN 444,444.00 |
| Series G ordinary bearer shares | 999,000 | PLN 0.10 | PLN 99,900.00 |
| Series H ordinary bearer shares | 23,000,000 | PLN 0.10 | PLN 2,300,000.00 |
| Series I ordinary bearer shares | 2,070,000 | PLN 0.10 | PLN 207,000.00 |
| Series J ordinary bearer shares | 11,550,000 | PLN 0.10 | PLN 1,155,000.00 |
| Total | 130,620,000 | | PLN 13,062,000.00 |

The Group

As at the reporting date, the Auto Partner Group (the "Group") comprised Auto Partner S.A. as the parent and four subsidiaries consolidated with the full method. For more information on the consolidated entities, see Note 15.

All the companies comprising in the Group have been established for indefinite time. Financial statements of all subsidiaries have been prepared for the same period as the parent's financial statements, in accordance with consistently applied uniform accounting policies.

The financial year of the parent and the Group companies is the same as the calendar year.

The Group's principal business activity consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. The Group is an importer and distributor of parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and directives of the European Union.

2. Statement of compliance and basis of preparation

These interim condensed consolidated financial statements (“financial statements”) of the Group for the six months from January 1st 2021 to June 30th 2021 and for the corresponding period of the previous year have been prepared in accordance with IAS 34 *Interim Financial Reporting* and all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at June 30th 2021.

The accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with the policies applied in the preparation of the full-year consolidated financial statements for the financial year ended December 31st 2020, save for the presentation changes discussed in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited full-year consolidated financial statements for the year ended December 31st 2020 prepared in accordance with IFRS.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of authorisation of these financial statements, there were no circumstances indicating any threat to the Group’s ability to continue as a going concern.

3. Change of accounting policies and presentation

3.1. Changes in accounting policies

The Group did not change its accounting policy.

3.2. Presentation changes

The Group’s Management Board made the following presentation change in the reporting period in order to present the Group’s financial position in a reliable and faithful manner.

- 1) Change in the presentation of employee benefit obligations, comprising salaries and wages, social security and PPK (Employee Capital Plan) obligations. Before the change, these obligations were presented in the statement of financial position under other liabilities. After the change, they were presented in employee benefit obligations and provisions. Below is presented the effect of the presentation change in the statement of financial position as at June 30th 2020 and December 31st 2020 and in the statement of cash flows for the period ended June 30th 2020.

The Group’s Management Board made the following presentation change in order to present the Group’s financial position in a reliable and faithful manner.

- 2) Change in the presentation of estimates of trade discounts due from suppliers. Before the change, the estimated value of trade discounts from suppliers was presented in the statement of financial position under trade and other payables as a reduction in trade payables. After the change, the estimated amount of trade discounts from suppliers is presented in the statement of financial position under trade and other payables as a decrease in trade payables up to the balance of payables to the supplier as at the reporting date, while the surplus is presented under trade and other receivables as an increase in trade receivables from the supplier. Below is presented the effect of the presentation change in the statement of financial position as at June 30th 2020 and in the statement of cash flows for the period ended June 30th 2020.

| Consolidated statement of financial position | As at Jun 30 2020 | change | As at Jun 30 2020 | As at Dec 31 2020 | change | As at Dec 31 2020 |
|--|----------------------|--------------|----------------------|----------------------|----------|----------------------|
| | before | | after | before | | after |
| Current assets | | | | | | |
| Trade and other receivables | 116,931 | 2,984 | 119,915 | 129,751 | - | 129,751 |
| Total current assets | 628,505 | 2,984 | 631,489 | 642,787 | - | 642,787 |
| Total assets | 768,911 | 2,984 | 771,895 | 789,953 | - | 789,953 |
| Current liabilities | | | | | | |
| Trade and other payables | 139,478 | (7,770) | 131,708 | 90,689 | (11,231) | 79,458 |
| Employee benefit obligations and provisions | 6,358 | 10,754 | 17,112 | 6,785 | 11,231 | 18,016 |
| Total current liabilities | 199,330 | 2,984 | 202,314 | 216,100 | - | 216,100 |
| Total liabilities | 351,385 | 2,984 | 354,369 | 307,026 | - | 307,026 |
| Total equity and liabilities | 768,911 | 2,984 | 771,895 | 789,953 | - | 789,953 |

| Consolidated statement of cash flows | Period ended June 30th 2020 | change | Period ended June 30th 2020 | Period ended December 31st 2020 | change | Period ended December 31st 2020 |
|---|-----------------------------------|---------|-----------------------------------|--|--------|--|
| | before | | after | before | | after |
| Change in trade and other receivables | -15,387 | 14,099 | -1,288 | -11,391 | - | -11,391 |
| Change in trade and other payables | 72,775 | -14,459 | 58,316 | 6,652 | (838) | 5,814 |
| Change in employee benefit obligations and provisions | 3,006 | 360 | 3,366 | 4,524 | 838 | 5,362 |
| Cash from operating activities | 126,879 | - | 126,879 | 152,868 | - | 152,868 |
| Net cash from operating activities | 112,468 | - | 112,468 | 127,902 | - | 127,902 |

4. Amendments to standards and interpretations

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU have been applied for the first time in 2021:

- **Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases*** – Interest Rate Benchmark Reform – Phase II, endorsed by the EU on January 13th 2021 (effective for annual periods beginning on or after January 1st 2021).
- **Amendments to IFRS 4 *Insurance Contracts***: Extension of the Temporary Exemption from Applying IFRS 9, endorsed by the EU on December 16th 2020 (the expiry date of the temporary exemption from IFRS 9 was extended from January 1st 2021 for annual periods beginning on or after January 1st 2023).

The amendments listed above have not had a material effect on the financial statements.

As at the date of authorisation of these financial statements for issue, the following amendments to existing standards were issued by the IASB and endorsed by the EU for application with effect as of a later date.

- **Amendments to IAS 16 *Property, Plant and Equipment*** – Proceeds before Intended Use, endorsed by the EU on June 28th 2021, effective for annual periods beginning on or after January 1st 2022,

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** – Onerous Contracts – Cost of Fulfilling a Contract, endorsed by the European Union on June 28th 2021, effective for annual periods beginning on or after January 1st 2022,
- **Amendments to IFRS 3 Business Combinations** – Reference to the Conceptual Framework (Amendments to IFRS 3), effective for annual periods beginning on or after January 1st 2022,
- **Amendments to various standards provided for in Annual Improvements to IFRS Standards 2018-2020 Cycle** – amendments made as part of the annual IFRS improvements process (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily to correct conflicts and clarify wording, endorsed by the EU on June 28th 2021 (amendments to IFRS 1, IFRS 9 and IAS 41), effective for annual periods beginning on or after January 1st 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated).

There are no significant differences between the IFRSs as endorsed by the EU and the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to standards which were not yet endorsed by the EU as at the issue date of this report (the effective dates given below refer to the final version of the standards):

- **IFRS 14 Regulatory Deferral Accounts**, effective for annual periods beginning on or after January 1st 2016 – the European Commission has decided not to launch the endorsement process of this interim standard until the final IFRS 14 is issued,
- **IFRS 17 Insurance Contracts** as amended, effective for annual periods beginning on or after January 1st 2023,
- **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**, effective for annual periods beginning on or after January 1st 2023,
- **Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies**, effective for annual periods beginning on or after January 1st 2023,
- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** – Definition of accounting estimates, effective for annual periods beginning on or after January 1st 2023,
- **Amendments to IAS 12 Income Taxes** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after January 1st 2023),
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sales or Contributions of Assets between an Investor and its Associate or Joint Venture, and subsequent amendments**, the effective date postponed until completion of research on the equity method.
- **Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30th 2021** (effective for annual periods beginning on or after April 1st 2021. Earlier application is permitted, including in financial statements not yet authorised for issue on or after the date the amendment is issued).

The Group estimates that none of those new standards or amendments to existing standards would have had a material effect on its financial statements had they been applied at the end of the current period.

5. Significant assessments and estimates

The preparation of financial statements in accordance with IFRS requires the Management Board of the Group to use judgements and estimates which affect the applied accounting policies and the amounts of reported assets, liabilities, income and expenses. Judgements and estimates are reviewed on an ongoing basis. A change in estimates is recognised in profit or loss for the period in which the change occurred. During the reporting period, there were no material changes in judgements and estimates.

6. Seasonality

The sale of spare parts and accessories, which constitutes the principal business activity of the Group, is subject to seasonal fluctuations during the year. Sales are higher during the second and third quarters, with lower sales typically reported in the fourth and first quarters of the year. Higher sales contribute to higher demand for merchandise at points of sale, which results in a seasonal increase in the amount of liabilities in the second and third quarters.

7. Functional and reporting currency

These consolidated financial statements have been prepared in the Polish zloty (PLN). The Polish zloty is the Group's functional and reporting currency. The data contained in these financial statements is presented in thousands of zloty, unless more accurate information is provided in specific cases.

The following policies have been applied to translate financial data for the purpose of consolidating the financial statements of foreign subsidiaries. Items of the statement of financial position have been translated at the mid-rates quoted by the National Bank of Poland at the end of the reporting period:

| NBP mid rate quoted for: | June 30th 2021 | December 31st 2020 |
|--------------------------|----------------|--------------------|
| EUR | 4.5208 | 4.6148 |
| CZK | 0.1773 | 0.1753 |
| RON | 0.9174 | 0.9479 |

Items of the statement of profit or loss and comprehensive income have been translated at the average of exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period:

| Average NBP mid rate for reporting period | 6 months 2021 | 6 months 2020 |
|---|---------------|---------------|
| EUR | 4.5472 | 4.4413 |
| CZK | 0.1758 | 0.1677 |
| RON | 0.9264 | 0.9205 |

Exchange differences on translation of foreign operations are recognised as translation reserve in equity.

8. Revenue

The principal business of the Group is the sale of spare parts and accessories for motor vehicles, therefore the Management Board does not identify separate reportable segments for the purposes of managing the Group's business. The Group does not have key customers and sales to none of the Group's customers exceed 10% of total sales.

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|--|--------------------------------|--------------------------------|
| Revenue from sale of merchandise | 1,061,909 | 766,408 |
| including: | | |
| <i>Sales of merchandise – Poland</i> | 580,631 | 445,300 |
| <i>Sales of merchandise – EU</i> | 474,461 | 317,606 |
| <i>Sales of merchandise – other exports</i> | 6,817 | 3,502 |
| Revenue from rendering of services | 1,003 | 1,365 |
| including: | | |
| <i>Sales of services – Poland</i> | 323 | 909 |
| <i>Sales of services – EU</i> | 680 | 456 |
| <i>Rendering of services – other exports</i> | - | - |
| Total revenue | 1,062,912 | 767,773 |

9. Costs by nature and function of expense

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|-----------------------------------|-----------------------------------|
| Depreciation and amortisation | (12,535) | (11,331) |
| Raw materials and consumables used | (9,040) | (6,723) |
| Services | (95,088) | (75,006) |
| Taxes and charges | (1,153) | (1,707) |
| Employee benefits expense *) | (62,618) | (55,060) |
| Other costs by nature of expense | (4,401) | (4,418) |
| Merchandise and materials sold | (759,186) | (550,370) |
| Total costs by nature of expense | (944,021) | (704,615) |
| Cost of sales | (759,186) | (550,370) |
| Distribution costs and marketing expenses | (108,899) | (87,566) |
| Warehousing (logistics) costs | (61,605) | (52,381) |
| Management and administrative expenses | (14,331) | (14,298) |
| Total costs by function of expense | (944,021) | (704,615) |

*) On February 26th 2021, The Company filed an application with the Provincial Labour Office in Katowice for grant to subsidise remuneration for employees not covered by any economic downtime or reduced amount of working time, due to the decline in turnover caused by the COVID-19 pandemic. The application was submitted pursuant to Art. 15gg of the Act on special arrangements to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz. U. of 2020s, item 374, as amended). Amount requested: PLN 11,240,302.08, including: grant for social security contributions: PLN 1,648,794.12, grant for employee remuneration: PLN 9,591,507.96. On March 16th 2021, the Company's bank account was credited with the amount of PLN 7,493,534.72 under the first and second tranches of the grant. On April 16th 2021 the Company received one more tranche of the grant, in the amount of PLN 3,746,767.36, as per the application. In accordance with the application, the grants were used to pay employee remuneration and social security contributions for February, March and April 2021. Following full settlement of the application, the final amount of the grant totalled PLN 8,855,188.20, with PLN 2,385,113.88 returned by the Company to the bank account of the Provincial Labour Office in Katowice.

Below is presented the effect of the grants received as at June 30th 2021:

| | Period ended June 30th 2021 | grant amount | Period ended June 30th 2021 |
|---|-----------------------------------|--------------|-----------------------------------|
| | excluding grants | | including grants |
| Depreciation and amortisation | (12,535) | | (12,535) |
| Raw materials and consumables used | (9,040) | | (9,040) |
| Services | (95,088) | | (95,088) |
| Taxes and charges | (1,153) | | (1,153) |
| Employee benefits expense *) | (71,473) | 8,855 | (62,618) |
| Other costs by nature of expense | (4,401) | | (4,401) |
| Merchandise and materials sold | (759,186) | | (759,186) |
| Total costs by nature of expense | (952,876) | 8,855 | (944,021) |
| Cost of sales | (759,186) | - | (759,186) |
| Distribution costs and marketing expenses | (112,551) | 3,652 | (108,899) |
| Warehousing (logistics) costs | (66,338) | 4,733 | (61,605) |
| Management and administrative expenses | (14,801) | 470 | (14,331) |
| Total costs by function of expense | (952,876) | 8,855 | (944,021) |

10. Other net gains (losses)

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|-----------------------------------|-----------------------------------|
| Foreign exchange gains or (losses) on operating activities – unrealised | 266 | 527 |
| Foreign exchange gains or (losses) on operating activities – realised | 547 | (1,227) |
| Gains/(losses) on impairment of receivables | (704) | (640) |
| Other | (123) | 195 |
| Total other gains (losses), net | (14) | (1,145) |

11. Finance income

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|--|-----------------------------------|-----------------------------------|
| Gains on realised currency forward contracts measured at fair value through profit or loss | - | - |
| Gains on measurement of currency forward contract assets and liabilities measured at fair value through profit or loss | - | 16 |
| Foreign exchange gains on financing activities | 855 | 14 |
| Interest on loans | 46 | 6 |
| Interest on trade receivables | 56 | 25 |
| Other finance income | 1 | 7 |
| Total finance income | 958 | 68 |

12. Finance costs

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|-----------------------------------|-----------------------------------|
| Interest expense: | | |
| Interest on term and overdraft facilities | (642) | (1,388) |
| Interest on non-bank borrowings from related entities | (668) | (668) |
| Interest on lease liabilities (other leases) | (868) | (1,234) |
| Interest on lease liabilities (office and warehouse space leases) | (527) | (594) |
| Interest on factoring liabilities | - | (91) |
| Other interest expense | (11) | (4) |
| | (2,716) | (3,979) |
| Other finance costs: | | |
| Losses on realised currency forward contracts measured at fair value through profit or loss | - | - |
| Losses on measurement of currency forward contract assets and liabilities measured at fair value through profit or loss | - | (80) |
| Foreign exchange losses on financing activities | - | (1,193) |
| Credit commissions and fees | (525) | (388) |
| Factoring commissions and fees | (40) | (72) |
| Other finance costs | (9) | (67) |
| | (574) | (1,800) |
| Total finance costs | (3,290) | (5,779) |

13. Property, plant and equipment

| | As at Jun 30 2021 | As at Dec 31 2020 |
|---|----------------------|----------------------|
| - | | |
| Land | - | - |
| Buildings and structures | 51,086 | 45,253 |
| Machinery and equipment | 43,347 | 35,781 |
| Vehicles | 10,361 | 10,287 |
| Other | 36,783 | 35,507 |
| Property, plant and equipment under construction | 1,905 | 5,429 |
| Total carrying amount of property, plant and equipment | 143,482 | 132,257 |

In the statement of financial position, the Group presents right-of-use assets (lease contracts) in the same line item as the assets owned by the Group. Such assets and the related depreciation expense are presented below.

| | As at Jun 30 2021 | As at Dec 31 2020 |
|---|----------------------|----------------------|
| - | | |
| Buildings and structures | 48,902 | 43,063 |
| Machinery and equipment | 29,041 | 23,451 |
| Vehicles | 6,568 | 6,497 |
| Other | 21,099 | 20,747 |
| Property, plant and equipment under construction (i) | - | 3,524 |
| Total carrying amount of property, plant and equipment under right-of-use arrangements | 105,610 | 97,282 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|--|-----------------------------------|-----------------------------------|
| - | | |
| Buildings and structures | 5,787 | 5,757 |
| Machinery and equipment | 2,218 | 1,279 |
| Vehicles | 559 | 628 |
| Other | 576 | 537 |
| Total depreciation of property, plant and equipment under right-of-use arrangements | 9,140 | 8,201 |

Right-of-use assets are mainly contracts for lease of cars, storage racks, internal transport and handling systems, as well as office space rental contracts. Items of property, plant and equipment disclosed as used under lease contracts are secured with lessors' rights to leased assets.

The net carrying amount of property, plant and equipment financed with a borrowing (Note 20) was PLN 45 thousand as at December 31st 2020 and PLN 25 thousand as at June 30th 2021, and was secured with the lender's rights.

(i) Leased property, plant and equipment under construction include lease contract assets not yet commissioned at end of period.

| Movements in property, plant and equipment | Buildings and structures | Machinery and equipment | Vehicles | Other property, plant and equipment | Property, plant and equipment under construction | Total |
|--|--------------------------|-------------------------|---------------|-------------------------------------|--|----------------|
| Gross carrying amount as at December 31st 2019 | 59,993 | 45,778 | 18,498 | 42,543 | 1,043 | 167,855 |
| Increase | | | | | | |
| Purchase | 475 | 1,697 | - | 1,343 | 1,594 | 5,109 |
| Accounting for property, plant and equipment under construction – purchase | - | 45 | - | 2 | (47) | - |
| Leases | 7,826 | 8,828 | 956 | 2,487 | 3,524 | 23,621 |
| Accounting for property, plant and equipment under construction – leases | - | 139 | - | 541 | (680) | - |
| Other | - | - | - | - | (5) | (5) |
| Decrease | | | | | | |
| Disposal | - | (49) | (106) | (204) | - | (359) |
| Liquidation | - | (42) | (36) | (1) | - | (79) |
| Other | (152) | (2) | (535) | (1) | - | (690) |
| Gross carrying amount as at December 31st 2020 | 68,142 | 56,394 | 18,777 | 46,710 | 5,429 | 195,452 |
| Increase | | | | | | |
| Purchase | 179 | 1,976 | 141 | 968 | 1,234 | 4,498 |
| Accounting for property, plant and equipment under construction – purchase | - | 1,009 | - | 225 | (1,234) | - |
| Leases | 11,627 | 4,617 | 1,022 | 1,600 | - | 18,866 |
| Accounting for property, plant and equipment under construction – leases | - | 3,524 | - | - | (3,524) | - |
| Other | - | - | - | - | - | - |
| Decrease | | | | | | |
| Disposal | - | (184) | (311) | (267) | - | (762) |
| Liquidation | - | - | (104) | - | - | (104) |
| Other | - | - | (106) | (39) | - | (145) |
| Gross carrying amount as at June 30th 2021 | 79,948 | 67,336 | 19,419 | 49,197 | 1,905 | 217,805 |
| Accumulated depreciation as at December 31st 2019 | 11,104 | 14,959 | 6,983 | 8,856 | - | 41,902 |
| Depreciation in period | 11,785 | 5,742 | 1,815 | 2,497 | - | 21,839 |
| Disposal | - | (47) | (82) | (150) | - | (279) |
| Liquidation | - | (41) | (15) | - | - | (56) |
| Other | - | - | (211) | - | - | (211) |
| Accumulated depreciation as at December 31st 2020 | 22,889 | 20,613 | 8,490 | 11,203 | - | 63,195 |
| Depreciation in period | 5,973 | 3,475 | 861 | 1,322 | - | 11,631 |
| Disposal | - | (99) | (222) | (111) | - | (432) |
| Liquidation | - | - | (33) | - | - | (33) |
| Other | - | - | (38) | - | - | (38) |
| Accumulated depreciation as at June 30th 2021 | 28,862 | 23,989 | 9,058 | 12,414 | - | 74,323 |
| Net carrying amount as at December 31st 2020 | 45,253 | 35,781 | 10,287 | 35,507 | 5,429 | 132,257 |
| Net carrying amount as at June 30th 2021 | 51,086 | 43,347 | 10,361 | 36,783 | 1,905 | 143,482 |

14. Intangible assets

| | As at Jun 30 2021 | As at Dec 31 2020 |
|---|----------------------|----------------------|
| - | | |
| Software | 6,520 | 7,135 |
| Other intangible assets | - | - |
| Intangible assets under development | 8,044 | 5,591 |
| Total carrying amount of intangible assets | 14,564 | 12,726 |

In the statement of financial position, the Group discloses right-of-use intangible assets (lease contracts) under the same item as intangible assets owned by the Group. The intangible assets and the related amortisation expense are presented below.

| | As at Jun 30 2021 | As at Dec 31 2020 |
|--|----------------------|----------------------|
| - | | |
| Software | 678 | 644 |
| Other intangible assets | - | - |
| Intangible assets under development | - | - |
| Total carrying amount of right-of-use intangible assets | 678 | 644 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|-----------------------------------|-----------------------------------|
| - | | |
| Software | 87 | 46 |
| Other intangible assets | - | - |
| Total amortisation of right-of-use intangible assets | 87 | 46 |

| Movements in intangible assets | Software | Other intangible assets | Intangible assets under development | Total |
|---|---------------|----------------------------|---|---------------|
| Gross carrying amount as at December 31st 2019 | 16,194 | 336 | 3,241 | 19,771 |
| Increase | | | | |
| Purchase | 2,005 | | 4,078 | 6,083 |
| Accounting for intangible assets under development – purchase | 1,728 | | (1,728) | - |
| Leases | 408 | | | 408 |
| Accounting for intangible assets under development – leases | - | | | - |
| Other | - | | | - |
| Decrease | | | | |
| Disposal | - | | | - |
| Liquidation | - | | | - |
| Other | - | | | - |
| Gross carrying amount as at December 31st 2020 | 20,335 | 336 | 5,591 | 26,262 |
| Increase | | | | |
| Purchase | 140 | | 2,480 | 2,620 |
| Accounting for intangible assets under development – purchase | 28 | | (28) | - |
| Leases | 121 | | | 121 |
| Accounting for intangible assets under development – leases | | | | - |
| Other | | | | - |
| Decrease | | | | |
| Disposal | | | | - |
| Liquidation | | | | - |
| Other | | | 1 | 1 |
| Gross carrying amount as at June 30th 2021 | 20,624 | 336 | 8,044 | 29,004 |
| Accumulated amortisation as at December 31st 2019 | 11,538 | 336 | - | 11,874 |
| Amortisation in period | 1,662 | | | 1,662 |
| Disposal | - | | | - |
| Liquidation | - | | | - |
| Other | - | | | - |
| Accumulated amortisation as at December 31st 2020 | 13,200 | 336 | - | 13,536 |
| Amortisation in period | 904 | | | 904 |
| Disposal | | | | - |
| Liquidation | | | | - |
| Other | | | | - |
| Accumulated amortisation as at June 30th 2021 | 14,104 | 336 | - | 14,440 |

| | | | | |
|--|-------|---|-------|--------|
| Net carrying amount as at December 31st 2020 | 7,135 | - | 5,591 | 12,726 |
| Net carrying amount as at June 30th 2021 | 6,520 | - | 8,044 | 14,564 |

15. Investments in related and other entities

General information on the entities consolidated using the full method is presented below.

| Entity | Principal business | Registered office | % ownership interest | |
|------------------------------------|--|------------------------|----------------------|-------------------|
| | | | As at Jun 30 2021 | As at Dec 31 2020 |
| fully consolidated | | | | |
| Maxgear Sp. z o.o. Sp. komandytowa | sale of spare parts and accessories for motor vehicles | Bieruń, Poland | 100%* | 100%* |
| Maxgear Sp. z o.o. | sale of spare parts and accessories for motor vehicles | Poland, Tychy | 100% | 100% |
| AP Auto Partner CZ, s.r.o. | sale of spare parts and accessories for motor vehicles | Prague, Czech Republic | 100% | 100% |
| AP Auto Partner RO, s.r.l. | sale of spare parts and accessories for motor vehicles | Romania, Bucharest | 100% | 100% |

*) 99% of the voting rights are held by Auto Partner S.A. as a limited partner; 1% of the voting rights are held by the general partner, in which Auto Partner S.A. holds 100% of the voting rights.

16. Other financial assets

| | As at Jun 30 2021 | As at Dec 31 2020 |
|---|-------------------|-------------------|
| Loans measured at amortised cost | | |
| Loans to related entities | - | - |
| Loans to other entities | 16 | 37 |
| Total | 16 | 37 |
| Long-term | 8 | 30 |
| Short-term | 8 | 7 |
| Total | 16 | 37 |

On January 11th 2021, the Company entered into an agreement with Global One Automotive GmbH of Frankfurt on extending to it a loan of EUR 525 thousand. The loan bears interest at 4.5%. The agreement was concluded for a definite term until June 18th 2021. The Company holds 6.66% of shares in Global One Automotive GmbH as a participant in the International Procurement Group (since 2017). The loan was repaid on June 21st 2021.

There were no financial assets measured at fair value through profit or loss.

17. Inventories and right-of-return assets

17.1 Inventories

Merchandise is stored at central and subsidiary warehouses and is insured against theft, burglary and robbery, as well as fire and other natural calamities.

| | As at June 30th 2021 | As at December 31st 2020 |
|--------------|-------------------------|-----------------------------|
| Merchandise | 595,785 | 489,093 |
| Write-downs | (8,101) | (7,652) |
| Total | 587,684 | 481,441 |

Change in inventory write-downs

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|----------------------------|--------------------------------|--------------------------------|
| - | | |
| At beginning of period | 7,517 | 8,875 |
| Decrease | (1,285) | (582) |
| Increase | 1,869 | 1,657 |
| As at end of period | 8,101 | 9,950 |

The cost of inventory write-downs comprises write-downs of inventories to their net realisable value as well as write-downs for goods that are of inferior quality or damaged.

Inventories pledged as security

The Group created a registered pledge over inventories as security for bank borrowings; for details, see Note 20. The amount of liabilities secured with the pledge is presented below.

| | As at June 30th 2021 | As at December 31st 2020 |
|--|-------------------------|-----------------------------|
| - | | |
| Liabilities secured with pledge on inventories | 106,054 | 66,809 |

Under purchase contracts concluded with certain suppliers, the supplied goods are deemed to become the property of the Group upon payment of the full purchase price. In the opinion of the Management Board of the Group, all significant risks incidental to the purchased goods are transferred upon delivery of the goods and therefore the purchase is recognised at the time of receipt of the delivery, while the reservation of transfer of ownership by the seller serves as a security for the Group's trade payables.

Recognised inventory cost

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|--|-----------------------------------|-----------------------------------|
| - | | |
| Cost of sales | (759,186) | (550,370) |
| Warehousing (logistics) costs | - | - |
| Distribution costs | (2,213) | (2,566) |
| Management and administrative expenses | - | - |
| Total inventory cost recognised | (761,399) | (552,936) |

Distribution costs comprise mainly the cost of warranty replacement of goods.

17.2 Right-of-return assets

Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Group estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period's turnover.

| | As at June 30th 2021 | As at December 31st 2020 |
|------------------------|-------------------------|-----------------------------|
| Right-of-return assets | 15,471 | 10,211 |

18. Trade and other receivables

| | As at June 30th 2021 | As at December 31st 2020 |
|---|-------------------------|-----------------------------|
| Trade receivables payable up to 12 months | 149,254 | 102,429 |
| Trade receivables payable in more than 12 months | 1,467 | 1,173 |
| Impairment losses on trade receivables | (5,512) | (4,987) |
| Total trade receivables | 145,209 | 98,615 |
| Expected income from participation in Global One purchasing group (i) | 13,044 | 13,075 |
| Write-down of expected income from participation in the Global One purchasing group | (391) | (405) |
| Finance lease receivables | 10 | 15 |
| Receivables from card system operators | 1,504 | 1,067 |
| Rent deposits receivable (ii) | 1,720 | 1,541 |
| Other financial receivables | 1,050 | 1,068 |
| Impairment losses on other receivables | (838) | (882) |
| Total trade and other financial receivables | 161,308 | 114,094 |
| Prepaid deliveries | 9,702 | 4,819 |
| Receivables on sale of property, plant and equipment | - | 1 |
| Prepayments and accrued income | 5,147 | 3,014 |
| VAT tax to be settled in future periods/refunded to bank account | 9,164 | 9,537 |
| Other non-financial receivables | 308 | 329 |
| Total non-financial receivables | 24,321 | 17,700 |
| Total trade and other receivables | 185,629 | 131,794 |
| Other long-term receivables | 2,614 | 2,043 |
| Trade and other receivables | 183,015 | 129,751 |
| Total trade and other receivables | 185,629 | 131,794 |

(i) Expected income from the participation in the Global One Automotive GmbH purchasing group is the amount of additional discounts on purchases made in a given financial year. The allowance was recognised for not past due receivables.

(ii) The Group paid security deposits pursuant to the terms of property lease contracts. The deposits serve as security for payment of liabilities under the contracts, as well as liquidated damages or compensation, if any.

Expected credit losses on trade receivables are recognised as lifetime expected credit losses. To calculate the expected credit losses, the Group uses a provision matrix estimated based on historical payment levels and recoveries from trading partners. The matrix differentiates between the following groups of receivables: not past due receivables, receivables past due for 1-30 days, receivables past due for 31-90 days, receivables past due for 91-120 days, receivables past due for 121-180 days, receivables past due for 181-360 days, and receivables past due for more than 360 days. To determine the level of collectability of trade receivables, the Group

takes into account changes in their quality from the credit origination date to the date of preparing the financial statements. Concentration of the credit risk is limited as the customer base is large and there are no links between individual customers.

Amount of credit loss allowance by the past due date groups of receivables

| | As at June 30th 2021 | As at December 31st 2020 |
|---|---------------------------------|-------------------------------------|
| not past due | 270 | 157 |
| past due 1-30 days | 28 | 29 |
| past due 31-90 days | 77 | 79 |
| past due 91-120 days | 22 | 25 |
| past due 121-180 days | 49 | 37 |
| past due 181-360 days | 386 | 435 |
| over 360 days | 4,680 | 4,225 |
| Total impairment losses on trade receivables | 5,512 | 4,987 |

Change in impairment loss on trade receivables

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|----------------------------|--|--|
| At beginning of period | 4,987 | 5,079 |
| Increase (decrease) | 525 | 510 |
| As at end of period | 5,512 | 5,589 |

Change in impairment loss on other receivables

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|----------------------------|--|--|
| At beginning of period | 882 | 552 |
| Increase | | 164 |
| Decrease | (44) | - |
| As at end of period | 838 | 716 |

Trade and other receivables pledged as security

Trade receivables are pledged as security for credit facilities; for details, see Note 20. The amount of receivables pledged as security in the reporting periods is presented below.

| | As at June 30th 2021 | As at December 31st 2020 |
|---|---------------------------------|-------------------------------------|
| Trade and other receivables pledged as security (i) | 74,805 | 51,484 |

(i) The amount of the registered pledge is the carrying amount of the parent's pledged trade receivables.

19. Share capital

Auto Partner S.A. shares are listed on the Warsaw Stock Exchange in the continuous trading system.

| | As at Jun 30 2021 | As at Dec 31 2020 |
|------------------------------------|----------------------|----------------------|
| Fully paid-up share capital | 13,062 | 13,062 |
| Series A ordinary bearer shares | 1 | 1 |
| Series B ordinary bearer shares | 111 | 111 |
| Series C ordinary bearer shares | 160 | 160 |
| Series D ordinary bearer shares | 48,320 | 48,320 |
| Series E ordinary bearer shares | 39,964 | 39,964 |
| Series F ordinary bearer shares | 4,444 | 4,444 |
| Series G ordinary bearer shares | 1,000 | 1,000 |
| Series H ordinary bearer shares | 23,000 | 23,000 |
| Series I ordinary bearer shares | 2,070 | 2,070 |
| Series J ordinary bearer shares | 11,550 | 11,550 |
| Total (thousands of shares) | 130,620 | 130,620 |
| Par value per share | 0.10 | 0.10 |
| Total par value | 13,062 | 13,062 |

20. Borrowings

| | As at Jun 30 2021 | As at Dec 31 2020 |
|--------------------------------------|----------------------|----------------------|
| Unsecured – at amortised cost | | |
| Borrowings from related entities | 27,368 | 28,035 |
| | 27,368 | 28,035 |
| Secured – at amortised cost | | |
| Overdraft facilities | 39,095 | 8,438 |
| Bank borrowings | 66,959 | 66,809 |
| Other borrowings | 25 | 45 |
| | 106,079 | 75,292 |
| Total borrowings | 133,447 | 103,327 |
| Current liabilities (vi) | 106,741 | 76,597 |
| Non-current liabilities | 26,706 | 26,730 |
| Total borrowings | 133,447 | 103,327 |

Credit facility agreements and non-bank borrowings:

| | As at Jun 30 2021 | As at Dec 31 2020 |
|---|----------------------|----------------------|
| ING Bank Śląski S.A./working capital facility under multi-product facility agreement/sub-limit facility within multi-product facility limit (i) | 39,095 | 8,438 |
| ING Bank Śląski S.A./working capital facility under multi-product facility agreement/sub-limit facility within multi-product facility limit: EUR 2,500,000.00 (i) | - | - |
| ING Bank Śląski S.A./working capital facility /sub-limit facility within multi-product facility limit (i) | 66,959 | 66,809 |
| Santander Bank Polska S.A./working capital facility (ii) | - | - |
| mBank S.A./working capital facility (iii) | - | - |
| Shareholder loan agreements (iv) | 27,368 | 28,035 |
| UniCredit Leasing a.s./facility to finance purchase of property, plant and equipment (v) | 25 | 45 |
| Total | 133,447 | 103,327 |

(i) Credit facility agreement – ING Bank Śląski S.A.

On October 19th 2015, the parent and ING Bank Śląski signed multi-facility agreement No. 882/2015/00000925/00, as amended. Maxgear Sp. z o.o. Sp.kom., a subsidiary, acceded to the agreement as joint and several debtor. The joint and several debtor agreed to pay all liabilities arising from the agreement. The amount of the credit limit is PLN 127,785 thousand, repayable by October 16th 2021. The subsidiary has access to a PLN 10m sublimit as part of the credit facility. As at the reporting date, the subsidiary had drawn PLN 8,438 thousand under the limit. The credit facility is secured with: (a) registered pledge over Auto Partner S.A.'s receivables from domestic customers (balance-sheet item) (the minimum amount of receivables pledged is PLN 40m), (b) registered pledge over inventories of merchandise (car spare parts) owned by Auto Partner S.A., located at ul. Ekonomiczna 20, in Bieruń, Poland (the minimum amount of inventories pledged is PLN 194,970 thousand), along with assignment of rights under an insurance policy, (c) declaration on voluntary submission to enforcement by the Company under Art. 777.1.4 of the Code of Civil Procedure on submission to enforcement under Art. 777.1.4 of the Code of Civil Procedure, concerning the obligation to release the pledged assets (merchandise inventories), (d) declaration on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 194,970 thousand, (e) declaration on voluntary submission to enforcement by Maxgear Sp. z o.o. Sp. z o.o. under Art. 777.1.5 of the Code of Civil Procedure of up to PLN 194,970 thousand, (f) subordination of borrowings obtained from Katarzyna Górecka and Aleksander Górecki of up to PLN 26,700,000.00.

(ii) Credit facility agreement – Santander Bank Polska S.A.

On September 26th 2016, the parent and Bank Zachodni WBK S.A. signed multi-facility agreement No. K00922/16, as amended. The amount of the multi-facility is PLN 30,000 thousand, repayable by March 31st 2023. Under the facility, PLN 30m is available for use as an overdraft facility and PLN 10m for use as guarantees. The facility is secured with: a) registered pledge over all inventories of merchandise stored at locations approved by the lender, with a minimum value of at least PLN 40m; b) assignment to the lender of receivables under insurance of the pledged assets; c) subordination to claims under the loan provided by Ms Katarzyna Górecka and Aleksander Górecki, with a minimum amount of PLN 26,000,000.00; d) registered pledge over receivables with a minimum amount of PLN 7m; e) the Company's declaration on submission to enforcement under Art. 777.1 of the Code of Civil Procedure.

(iii) Credit facility – mBank S.A.

On October 22nd 2019, the Company and mBank S.A. signed an overdraft facility agreement No. 11/145/19/Z/VV, as amended. The amount of the facility is PLN 25,000,000.00, repayable by September 30th 2022. The credit facility is secured with: (a) a registered pledge over inventories of merchandise with a value of PLN 37,500,000 thousand, (b) assignment of rights under an inventory insurance contract for the pledged inventory, (c) declaration on submission to enforcement by the Company under Art. 777.1.5 of the Code of Civil Procedure, up to PLN 37,500,000 thousand, d) subordination to claims under loan provided by Ms Katarzyna Górecka and Aleksander Górecki, with a minimum amount of PLN 26,000,000.00.

(iv) Shareholder loan

On January 2nd 2014, the parent, Aleksander Górecki and Katarzyna Górecka signed a loan agreement, as amended, with the loan repayable by January 2nd 2024. The borrowing is not secured and bears interest at the rate of 5% per annum. The outstanding principal amount is PLN 26,700,000.00. The carrying amount of the borrowing as at June 30th 2021 includes interest accrued in 2021, of PLN 668 thousand. PLN.

(v) Agreements for financing of property, plant and equipment – UniCredit Leasing a.s.

On August 17th 2017, AP Auto Partner C.Z. s.r.o. signed with UniCredit Leasing a.s. agreements Nos. 1251910740, 1251910741, and 1251910742 for the financing of property, plant and equipment, for a total amount of CZK 386,727.00, with the lease term of 48 months. On June 21st 2019, another agreement (No. 1132304215) was signed to finance property, plant and equipment, for a total amount of CZK 149,479.00, with the lease term of 48 months. The financing is secured with the lessor's security interest in the leased assets.

(vi) The Group discloses all overdraft facilities as current liabilities, regardless of the contract facility term.

21. Trade and other payables

21.1 Trade and other payables

| | As at June 30th 2021 | As at December 31st 2020 |
|---|---------------------------------|-------------------------------------|
| Trade payables due in up to 12 months | 123,862 | 73,816 |
| Trade payables due in more than 12 months | - | - |
| Other taxes payable | 4,279 | 4,071 |
| Liabilities arising from acquisition of property, plant and equipment and intangible assets | 2,034 | 1,453 |
| Other liabilities | 170 | 118 |
| | 130,345 | 79,458 |
| Current liabilities | 130,345 | 79,458 |
| Non-current liabilities | - | - |
| Total | 130,345 | 79,458 |

The average payment period is 30-40 days. The Group operates a financial risk management policy that ensures timely payment of liabilities.

21.2 Contract and right-of-return liabilities

| | As at June 30th 2021 | As at December 31st 2020 |
|---------------------------------|---------------------------------|-------------------------------------|
| Contract liabilities | 963 | 351 |
| Right-of-return liabilities (i) | 19,591 | 12,864 |
| Total | 20,554 | 13,215 |

(i) Customers may freely return purchased goods within 14 days from the purchase date, provided that the goods do not bear any traces of use. Warranty replacements are governed by the applicable provisions of the Polish Civil Code. The Group estimated the value of future adjustments to sales to reflect returns by customers based on historical data on returns and the current period's turnover. Contract liabilities are liabilities under contracts with customers.

22. Financial liabilities under lease contracts

Finance liabilities under lease contracts relate mainly to leases of property, plant and equipment (rent/lease of property, warehouse equipment, vehicles). For more information, see Note 13.

IFRS 16 provides for exceptions to the lessee's general lease model for short-term leases (contract term of less than 12 months) and leases of low-value assets. The Group defines as short-term leases contracts made for an indefinite term which may be terminated on a short notice, that is up to 12 months, without any material penalty imposed on the terminating party. The following payments are recognised directly in costs. Costs of some of the lease contracts are re-charged to the cooperating affiliated companies.

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Payments recognised as expenses | | |
| Minimum lease payments (i) | 4,385 | 3,646 |
| Contingent lease payments | - | - |
| Total | 4,385 | 3,646 |

(i) Including cost of low-value asset leases, which was PLN 312 thousand in the first half of 2020 and PLN 377 thousand in the first half of 2021. The cost was expensed in the period on a straight-line basis.

23. Employee benefit obligations and provisions

| | As at June 30th 2021 | As at December 31st 2020 |
|--|-------------------------|-----------------------------|
| Salaries and wages payable | 7,333 | 5,590 |
| Social security and PPK obligations | 6,894 | 5,641 |
| Provision for accrued holiday entitlements | 4,961 | 2,549 |
| Provision for retirement and disability benefit obligations | 755 | 530 |
| Provision for obligations under the Incentive Scheme for 2020 (i) | - | 5,379 |
| Provision for obligations under the Incentive Scheme for 2021 (ii) | 900 | - |
| Obligation under the Incentive Scheme for 2020 (i) | 1,613 | - |
| Obligation under the Incentive Scheme for 2019 (i) | 207 | 625 |
| | 22,663 | 20,314 |
| Long-term employee benefit obligations and provisions | 1,215 | 2,298 |
| Short-term employee benefit obligations and provisions | 21,448 | 18,016 |
| Total | 22,663 | 20,314 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|--------------------------------|--------------------------------|
| (Recognition) reversal of provision | | |
| Provision for accrued holiday entitlements | (225) | (1,177) |
| Provision for retirement and disability benefit obligations | (2,412) | 50 |
| Provision for obligations under the Incentive Scheme for 2019 | 418 | 468 |
| Provision for obligations under the Incentive Scheme for 2020 | 3,766 | (2,690) |
| Provision for obligations under the Incentive Scheme for 2021 | (900) | - |
| | 647 | (3,349) |

(i) On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for Members of the Management Board of Auto Partner S.A. The purpose of the Scheme is to establish an incentive mechanism that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and introduce a mechanism whereby members of the Management Board would be rewarded for their contribution to the growth of the Company’s value. The Incentive Scheme is addressed to members of the Management Board: Andrzej Manowski, Piotr Janta and Michał Breguła. However, the mandate of Michał Breguła expired on September 7th 2019, i.e. during the reference period. The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,360,000.00 during the term of the Scheme, i.e. from 2019 to 2021. The Supervisory Board of Auto Partner S.A. defined further details of the Incentive Scheme Rules for members of the Management Boards of Auto Partner S.A. by deciding that the bonuses to be paid to the eligible members of the Management Board are calculated on the basis of financial data without taking into account the effect of IFRS 16 Leases with regard to contracts that are classified as finance leases under IFRS 16 but were not treated as finance leases under IAS 17, i.e.:

- depreciation adjusted for the amount of depreciation charge under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;
- lease liabilities adjusted for the amount of lease liabilities under contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17;
- EBIT adjusted for the effect of taking to profit or loss of the costs related to contracts classified as finance leases under IFRS 16 since January 1st 2019, which were not classified as finance leases under IAS 17.

On June 29th 2020, based on the Rules of the Incentive Scheme of April 9th 2019, Resolution No. 3 of the Supervisory Board of April 3rd 2020, the audited full-year consolidated financial statements of the Auto Partner Group for the financial year 2019 as approved by the Annual General Meeting on June 19th 2020, and the settlement of the business objectives set out in the Rules, the Supervisory Board decided to grant the following bonuses to the Scheme participants, i.e. Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board:

Piotr Janta, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000 in 2022; Andrzej Manowski, Vice President of the Management Board – bonus of PLN 674,000, paid in the following instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000.00 in 2022.

On May 28th 2021, the Supervisory Board of the Company – acting pursuant to Section 5 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A. adopted by the General Meeting on June 19th 2020, and pursuant to Section 5.3 of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board adopted by a resolution of the Supervisory Board on April 9th 2019 (the “Rules”), and based on the data contained in the audited consolidated financial statements of the Auto Partner Group for 2020 that were approved by the Annual General Meeting on May 27th 2021, and the verification of delivery of the business targets provided for in the Rules – decided to grant the following bonuses for 2020 to the Incentive Scheme participants Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board: Piotr Janta, Vice President of the Management Board was granted a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023; Andrzej Manowski, Vice President of the Management Board, was granted a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023.

Acting pursuant to the Incentive Scheme Rules adopted by the General Meeting of Maxgear Sp. z o.o. on May 30th 2019, on May 28th 2021 the Annual General Meeting of Maxgear Sp. z o.o. granted bonuses to members of the company’s Management Board covered by the Incentive Scheme for the performance in 2020.

(ii) On September 10th 2021, the Parent’s Supervisory Board passed a resolution to approve the rules of awarding an incentive bonus to members of the Management Board of Auto Partner S.A. for 2021. In connection with early delivery of the 2019–2021 targets set in the Rules of the Incentive Scheme of April 9th 2019, approved by Resolution No. 3 of the Company’s Supervisory Board of April 3rd 2019, in order to ensure continuity of the incentive scheme for Members of the Management Board of Auto Partner S.A. in 2021, with the aim of the scheme being to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and reward their contribution to the shareholder value growth, the Supervisory Board approved the 2021 terms and conditions for awarding an incentive bonus to Andrzej Manowski, Vice President of the Management Board, of Piotr Janta, Vice President of the Management Board, linked to the amount of consolidated net profit of the Auto Partner Group for the financial year 2021. The total amount of bonuses paid in accordance with the rules set out in the Supervisory Board’s resolution will not exceed PLN 1,440,000 (one million, four hundred and forty thousand zloty). On September 10th 2021, the General Meeting of Maxgear Sp. z o.o. passed a resolution to approve the rules of awarding an incentive bonus for 2021 to the following members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak. Its terms will be the same as those applying to members of the Auto Partner S.A. Management Board.

The total amount of bonuses paid under the resolution of the General Meeting to members of the Management Board of Maxgear Sp. z o.o. will not exceed PLN 720,000 (seven hundred and twenty thousand).

24. Financial instruments

| | As at June 30th 2021 | As at December 31st 2020 |
|--|-------------------------|-----------------------------|
| Financial assets | | |
| Measured at fair value through profit or loss: | - | - |
| <i>Held for trading</i> | - | - |
| <i>Classified for measurement at fair value through profit or loss:</i> | - | - |
| Measured at amortised cost: | 193,715 | 135,493 |
| <i>Cash</i> | 32,401 | 21,377 |
| <i>Trade and other financial receivables</i> | 161,298 | 114,079 |
| <i>Loans</i> | 16 | 37 |
| Measured at fair value through other comprehensive income | - | - |
| Financial receivables excluded from the scope of IFRS 9 – finance lease receivables | 10 | 15 |
| Financial receivables excluded from the scope of IFRS 9 – shares | 110 | 110 |
| Financial liabilities | | |
| Measured at fair value through profit or loss: | - | - |
| <i>Held for trading</i> | - | - |
| <i>Classified for measurement at fair value through profit or loss:</i> | - | - |
| <i>Hedging derivatives</i> | - | - |
| Measured at amortised cost: | 260,306 | 178,947 |
| <i>Trade payables</i> | 123,862 | 73,816 |
| <i>Contract liabilities</i> | 963 | 351 |
| <i>Liabilities arising from acquisition of property, plant and equipment and intangible assets</i> | 2,034 | 1,453 |
| <i>Borrowings</i> | 133,447 | 103,327 |
| Non-IFRS 9 financial liabilities – lease liabilities | 87,572 | 83,599 |

Fair value

The Group designates derivative financial instruments for which changes in fair value are attributable to changes in market conditions (i.e. exchange rate movements) as financial assets and liabilities measured at fair value through profit or loss. In the reporting period, the Group did not enter into any currency forwards. As at the reporting date, the Group had no open forward contracts.

In the opinion of the Group's Management Board, the carrying amounts of financial assets and liabilities disclosed in these financial statements approximate their fair values.

25. Related-party transactions

Transactions between the parent and its related parties were eliminated on consolidation and are not presented in this note. Detailed information about transactions between the Group and other related parties is presented below.

Transactions with entities with personal links to members of the Management Board and the Supervisory Board. Transactions with members of the management boards of subsidiaries.

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|--------------------------------|--------------------------------|
| Sales of goods and services and other income | | |
| entities related to members of the Management Board and the Supervisory Board | - | 126 |
| <i>including:</i> | | |
| <i>sales of goods</i> | - | - |
| <i>re-charge of costs</i> | - | 126 |
| members of management boards of subsidiaries | 69 | 5 |
| <i>including:</i> | | |
| <i>sales of goods</i> | 27 | 1 |
| <i>re-charge of costs</i> | 42 | 4 |
| Total | 69 | 131 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|--------------------------------|--------------------------------|
| Purchase of goods and services and other purchases | | |
| entities related to members of the Management Board and the Supervisory Board | 694 | 409 |
| <i>including:</i> | | |
| <i>purchase of services</i> | 694 | 409 |
| members of management boards of subsidiaries | 52 | 255 |
| <i>including:</i> | | |
| <i>purchase of services</i> | 52 | 255 |
| Total | 746 | 664 |

| | As at June 30th 2021 | As at December 31st 2020 |
|---|-------------------------|-----------------------------|
| Receivables | | |
| entities related to members of the Management Board and the Supervisory Board | 40 | 4 |
| members of management boards of subsidiaries | 2 | 3 |
| Total | 42 | 7 |

| | As at June 30th 2021 | As at December 31st 2020 |
|---|-------------------------|-----------------------------|
| Liabilities | | |
| entities related to members of the Management Board and the Supervisory Board | 148 | 100 |
| members of management boards of subsidiaries | 8 | 8 |
| Total | 156 | 108 |

Transactions with and remuneration of members of the Management Board and the Supervisory Board

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|--------------------------------|--------------------------------|
| Sales of goods and services and other income | | |
| Management Board members | 15 | 17 |
| <i>including:</i> | | |
| <i>re-charge of costs</i> | 15 | 17 |
| Supervisory Board | - | - |
| <i>including:</i> | | |
| <i>sales of goods</i> | - | - |
| <i>re-charge of costs</i> | - | - |
| Total | 15 | 17 |

| | As at June 30th 2021 | As at December 31st 2020 |
|--------------------------|-------------------------|-----------------------------|
| Receivables | | |
| Management Board members | 54 | 46 |
| Supervisory Board | - | - |
| Total | 54 | 46 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|--|--------------------------------|--------------------------------|
| Remuneration | | |
| Management Board members | 2,989 | 1,227 |
| Members of management boards of subsidiaries | 1,599 | 120 |
| Supervisory Board | 59 | 44 |
| Total | 4,647 | 1,391 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|--------------------------------|--------------------------------|
| Provision for obligations under the Incentive Scheme (Note 23) | | |
| Management Board members | 600 | 1,738 |
| Members of management boards of subsidiaries | 300 | 952 |
| Total | 900 | 2,690 |

| | As at June 30th 2021 | As at December 31st 2020 |
|--|-------------------------|-----------------------------|
| Obligation under the Incentive Scheme (Note 23) | | |
| Management Board members | 1,283 | 404 |
| Members of management boards of subsidiaries | 537 | 221 |
| Total | 1,820 | 625 |

Borrowings from members of the Management Board, Supervisory Board and shareholders.

| | As at June 30th 2021 | As at December 31st 2020 |
|----------------------------|----------------------|--------------------------|
| Loans | | |
| Shareholder loan (Note 20) | 27,368 | 28,035 |
| Total | 27,368 | 28,035 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|-----------------------------|--------------------------------|--------------------------------|
| Finance costs | | |
| Interest expense recognised | (668) | (668) |
| Total | (668) | (668) |

26. Dividend

On March 15th 2021, the Management Board of the Company passed a resolution to request the Annual General Meeting to pay dividend for the financial year 2020. Pursuant to the resolution, the Management Board recommended payment of dividend to the Company's shareholders of PLN 13,062,000 (thirteen million, sixty-two thousand złoty), i.e. PLN 0.10 (ten grosz) per share. The balance of the net profit for the financial year 2020, of PLN 103,002,622.21, is recommended to be allocated to the Company's statutory reserve funds. At the meeting on March 30th 2021, the Supervisory Board gave a positive opinion on the request (Resolution No. 3). At its meeting held on May 27th 2021, the Annual General Meeting passed a resolution granting the request, setting June 7th 2021 as the dividend record date. The dividend was paid on June 15th 2021.

27. Contingent liabilities, future contract liabilities, sureties provided and received, and contingent assets

Sureties and guarantees provided and received

Bank guarantees:

- PLN 42 thousand bank guarantee No. KLG57699IN19 of March 1st 2019, provided in connection with commercial property lease contract of February 15th 2019, valid until May 6th 2024, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20
- PLN 2,000 thousand bank guarantee No. DOK3617GWB19KW of October 18th 2019, provided in connection with a distribution agreement (as amended), valid until May 31st 2022, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20
- PLN 652 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until August 31st 2023, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 20
- PLN 190 thousand bank guarantee No. DOK2418GWB20TI of July 27th 2020, provided in connection with a contract for rent of property in Pruszków, valid until August 31st 2023, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see Note 20.

Contingent assets

The Group has the following contingent assets:

The Group took out insurance of its merchandise against theft, burglary and robbery, as well as insurance against fire and other natural calamities. If any of the insured risks materialises, the Group will receive relevant compensation from the insurer.

The Group took out insurance against the credit risk of some of its domestic and foreign customers. Under the policy, the Group is entitled to compensation for insured and unpaid receivables.

Tax liabilities

The tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. The tax authorities have control instruments enabling them to verify the tax bases (in most cases for the preceding five financial years) and to impose penalties and fines. As of July 15th 2016, the Tax Code also contains the General Anti-Abuse Clause (GAAR), which is intended to prevent the creation and use of artificial legal structures designed to avoid taxation. The GAAR should be applied both to transactions carried out after its entry into force and to transactions which were carried out before the entry into force of the GAAR but whose benefits have been or are still being realised after the date of its entry into force. Consequently, the determination of tax liabilities may require significant judgement, including with respect to transactions that have already taken place, and the amounts of tax expense presented and disclosed in the financial statements may change in the future as a result of audits by the tax authorities.

Executed agreements

The parent entered into contracts classified as leases under IFRS 16, however the liabilities under the contracts are not disclosed as at the reporting date due to the failure to make the leased assets available for use by the Company by June 30th 2021; the amount of the liability is PLN 19,121 thousand. The leased assets include warehouse racks, warehouse control and measurement equipment, vehicles, and hardware. The Company recognised the underlying assets after the reporting date, with the amount of the liability at PLN 16,338 thousand.

28. Events subsequent to the reporting date

Listed below are significant events identified after the reporting date which do not require any adjustments to be made:

1) Rules of awarding an incentive bonus to members of the Management Board of Auto Partner S.A. for 2021 were approved by a resolution of the Supervisory Board of the Company on September 10th 2021. In connection with early delivery of the 2019–2021 targets set in the Rules of the Incentive Scheme of April 9th 2019, approved by Resolution No. 3 of the Company’s Supervisory Board of April 3rd 2019, in order to ensure continuity of the incentive scheme for Members of the Management Board of Auto Partner S.A. in 2021, with the aim of the scheme being to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and reward their contribution to the shareholder value growth, the Supervisory Board approved the 2021 terms and conditions for awarding an incentive bonus to Andrzej Manowski, Vice President of the Management Board, of Piotr Janta, Vice President of the Management Board, linked to the amount of consolidated net profit of the Auto Partner Group for the financial year 2021. The total amount of bonuses paid in accordance with the rules set out in the Supervisory Board’s resolution will not exceed PLN 1,440,000 (one million, four hundred and forty thousand złoty).

2) The rules of awarding an incentive bonus to the following members of the Management Board of Maxgear Sp. z o.o., approved by the General Meeting of Maxgear Sp. z o.o. on September 10th 2021: Grzegorz Pal and Arkadiusz Cieplak. Its terms will be the same as those applying to members of the Auto Partner S.A. Management Board. The total amount of bonuses paid under the resolution of the General Meeting to members of the Management Board of Maxgear Sp. z o.o. will not exceed PLN 720,000 (seven hundred and twenty thousand).

3) Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A. for 2021 were approved by a resolution of the Supervisory Board of the Company on September 10th 2021, providing for the payment of additional remuneration for the appointment to the Company’s Management Board, linked to the Company’s financial performance. The Scheme is intended for the following members of the Company’s Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company’s website <https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen>. The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the Pcheme.

4) Annex signed on September 10th 2021 to the multiline agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of September 26th 2016 (as amended). The annex increased the multi-line limit (including the overdraft facility limit) from PLN 30,000,000.00 (thirty million złoty) to PLN 40,000,000 (forty million złoty), with the facility to be used to finance the day-to-day operations of Auto Partner S.A. Security: 1) registered pledge over all inventories of merchandise stored at the warehouses specified in the pledge agreement or other locations approved by the Bank, with a minimum value of PLN 60,000,000.00; 2) assignment of receivables to the Bank under the insurance policy covering the pledged assets; 3) subordination to claims under a loan provided by Katarzyna Górecka and Aleksander Górecki, with a minimum amount of PLN 26,000,000.00; 4) registered pledge over trade

receivables from trading partners, as per the list attached as an appendix to the pledge agreement, with a minimum amount of PLN 12,000,000.00; 5) declaration of voluntary submission to enforcement of the Bank's claims arising under the agreement, made under Art. 777.1 of the Code of Civil Procedure, to be submitted to the Bank.

5) Multipurpose facility agreement signed with BNP Paribas Bank Polska S.A. of Warsaw on September 13th 2021. The Company was granted a multi-purpose facility, including an overdraft facility of up to PLN 20,000,000 (twenty million złoty) to finance the day-to-day operations of Auto Partner S.A. Under the facility, a sublimit of PLN 20,000,000 (twenty million złoty) was provided to Maxgear Sp. z o.o. Sp.k. Security: 1) representation by Auto Partner S.A. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 30,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; 2) representation by Maxgear Sp. z o.o. Sp.kom. on voluntary submission to enforcement under Art. 777.1.5 of the Code of Civil Procedure in respect of contractual payment obligations, for up to PLN 30,000,000.00, with the time limit for filing a request to issue an enforceability order, in substance acceptable to the Bank, set for September 9th 2034; 3) registered pledge with the maximum security amount of PLN 30,000,000.00 over inventories of merchandise held by Auto Partner S.A. in its own and leased locations (not encumbered in favour of another pledgee), in accordance with a separate pledge agreement, with a total value of not less than PLN 24,000,000.00. Until the pledge is created, security in the form of assignment in favour of the Bank of the assets subject to the future pledge will remain in effect; 4) assignment of rights under an insurance policy in favour of the Bank in respect of the pledged assets, with the proviso that the sum insured may not be less than PLN 20,000,000.00; 5) agreement on subordination of the loan advanced by Aleksander Górecki and Katarzyna Górecka under an agreement of January 2nd 2014 of up to PLN 26,000,000.00 to the facility.

29. Structure of cash in the statement of cash flows

| | As at June 30th 2021 | As at June 30th 2020 |
|--|-------------------------|-------------------------|
| Cash in hand | 1,230 | 1,321 |
| Cash at banks | 25,447 | 26,553 |
| Cash in transit | 5,731 | 4,930 |
| Other cash | 4 | 4 |
| Total cash and cash equivalents in the consolidated statement of financial position | 32,401 | 32,808 |
| Effect of measurement in foreign currencies on net cash – foreign exchange gains (losses) | 22 | 5 |
| Total cash and cash equivalents in the consolidated statement of cash flows | 32,379 | 32,803 |
| <i>including restricted cash - Split Payment accounts</i> | <i>3,245</i> | <i>1,129</i> |

30. Income tax

The amount of current income tax liability as at June 30th 2021 was due to a change in the form of monthly advance payments – in the tax year 2021 the Parent elected to apply a simplified form of advance income tax payments, in accordance with Art. 25.6 of the Corporate Income Tax Act of February 15th 1992, that is monthly advance payments of 1/12 of the tax payable disclosed in the tax return for 2019.

31. Authorisation for issue

These interim condensed consolidated financial statements of the Group were authorised for issue by the Management Board on September 15th 2021.

II. Interim condensed separate financial statements

Interim separate statement of profit or loss and other comprehensive income

| Note | for the 3 months ended | | for the 6 months ended | |
|--|----------------------------|-----------------------------|--------------------------|--------------------------|
| | Jun 30 2021 unaudited*) | Jun 30 2020 unaudited *) | Jun 30 2021 unaudited | Jun 30 2020 unaudited |
| Revenue | 586,920 | 397,230 | 1,063,397 | 768,273 |
| Cost of sales | (421,984) | (282,594) | (773,027) | (559,261) |
| Gross profit (loss) | 164,936 | 114,636 | 290,370 | 209,012 |
| Distribution costs and marketing expenses | (59,105) | (42,889) | (107,408) | (87,123) |
| Warehousing (logistics) costs | (34,229) | (25,678) | (61,478) | (52,254) |
| Management and administrative expenses | (5,419) | (6,127) | (10,333) | (11,668) |
| Other gains (losses), net | 960 | (216) | (728) | (1,567) |
| Other income | 93 | 48 | 201 | 85 |
| Other expenses | (207) | (107) | (273) | (209) |
| Operating profit (loss) | 67,029 | 39,667 | 110,351 | 56,276 |
| Finance income | 448 | 1,083 | 3,281 | 9,633 |
| Finance costs | (1,465) | (2,069) | (3,409) | (5,753) |
| Profit (loss) before tax | 66,012 | 38,681 | 110,223 | 60,156 |
| Income tax | (12,817) | (7,525) | (20,783) | (11,645) |
| Net profit (loss) | 53,195 | 31,156 | 89,440 | 48,511 |
| Other comprehensive income, net | - | - | - | - |
| Total other comprehensive income, net | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME | 53,195 | 31,156 | 89,440 | 48,511 |
| Earnings (loss) per share (PLN per share) | | | | |
| From continuing operations: | | | | |
| Basic | 0.40 | 0.24 | 0.68 | 0.37 |
| Diluted | 0.40 | 0.24 | 0.68 | 0.37 |

*) quarterly data has not been reviewed

Interim separate statement of financial position

| Note | As at Jun 30 2021 unaudited | As at Jun 30 2020 unaudited restated | As at Dec 31 2020 restated |
|------------------------------------|--------------------------------|---|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 14,560 | 9,148 | 12,720 |
| Property, plant and equipment | 142,382 | 126,123 | 131,011 |
| Investments in related entities | 30,448 | 30,448 | 30,448 |
| Investments in other entities | 110 | 110 | 110 |
| Other long-term receivables | 2,599 | 1,986 | 2,122 |
| Other non-current financial assets | 1,365 | 1,228 | - |
| Deferred tax assets | - | - | - |
| Total non-current assets | 191,464 | 169,043 | 176,411 |
| Current assets | | | |
| Inventories | 558,327 | 459,078 | 438,720 |
| Right-of-return assets | 15,471 | 11,338 | 10,211 |
| Trade and other receivables | 192,462 | 140,680 | 157,573 |
| Other financial assets | - | - | 1,321 |
| Current tax assets | - | - | - |
| Cash and cash equivalents | 24,657 | 28,772 | 13,126 |
| Total current assets | 790,917 | 639,868 | 620,951 |
| Total assets | 982,381 | 808,911 | 797,362 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital issued | 13,062 | 13,062 | 13,062 |

| | | | |
|---|----------------|----------------|----------------|
| Share premium | 106,299 | 106,299 | 106,299 |
| Other capital reserves | 2,103 | 2,103 | 2,103 |
| Retained earnings | 458,259 | 314,328 | 381,881 |
| Total equity | 579,723 | 435,792 | 503,345 |
| Non-current liabilities | | | |
| Long-term borrowings | 26,700 | 93,505 | 26,700 |
| Lease liabilities | 58,908 | 56,863 | 56,718 |
| Employee benefit obligations and provisions | 1,024 | 1,032 | 1,654 |
| Long-term provisions | - | - | - |
| Deferred tax liability | 7,219 | 2,040 | 8,568 |
| Total non-current liabilities | 93,851 | 153,440 | 93,640 |
| Current liabilities | | | |
| Trade and other payables | 124,417 | 157,082 | 73,908 |
| Contract and right-of-return liabilities | 20,554 | 14,828 | 13,215 |
| Short-term borrowings | 97,978 | 5,994 | 68,144 |
| Lease liabilities | 28,353 | 23,256 | 26,464 |
| Current tax liability | 16,236 | 2,229 | 1,415 |
| Employee benefit obligations and provisions | 20,538 | 15,781 | 16,536 |
| Short-term provisions | 731 | 509 | 695 |
| Total current liabilities | 308,807 | 219,679 | 200,377 |
| Total liabilities | 402,658 | 373,119 | 294,017 |
| Total equity and liabilities | 982,381 | 808,911 | 797,362 |

Interim separate statement of cash flows

| (indirect method) | Note | period ended | period ended |
|---|------|--------------------------|-----------------------------------|
| | | Jun 30 2021 unaudited | Jun 30 2020 unaudited restated |
| Cash flows from operating activities | | | |
| Profit before tax | | 110,223 | 60,156 |
| Adjustments: | | | |
| Depreciation and amortisation | | 12,388 | 11,139 |
| Foreign exchange gains/losses | | (993) | 77 |
| Adjustments for gains/losses on investing activities | | 149 | (9) |
| Finance costs recognised in profit or loss | | 3,395 | 4,554 |
| Finance income recognised in profit or loss | | (15) | (15) |
| Other adjustments | | (6) | - |
| Change in inventories | | (119,607) | (34,820) |
| Change in right-of-return assets | | (5,260) | (3,810) |
| Gains on share in profit or loss of related entities | | (2,279) | (9,528) |
| Change in trade and other receivables | | (52,945) | (3,777) |
| Change in trade and other payables | | 69,192 | 96,585 |
| Change in contract and right-of-return liabilities | | 7,339 | 5,050 |
| Change in employee benefit obligations and provisions | | 3,408 | 2,520 |
| Cash from operating activities | | 24,989 | 128,122 |
| Income tax paid | | (7,311) | (14,399) |
| Net cash from operating activities | | 17,678 | 113,723 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | | (6,537) | (2,644) |
| Disposal of property, plant and equipment and intangible assets | | 132 | 14 |
| Loans | | (2,384) | - |
| Repayment of loans | | 2,389 | - |
| Receipts from finance lease | | 124 | 117 |
| Interest received | | 61 | 22 |
| Receipts from forward contracts | | - | - |
| Payments for forward contracts | | - | - |

| | | |
|--|----------------|------------------|
| Net cash from investing activities | (6,215) | (2,491) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | - | - |
| Expenses related to issue of shares | - | - |
| Dividend paid | (13,062) | - |
| Borrowings received | 30,338 | - |
| Borrowings repaid | - | (69,481) |
| Repayment of financing – reverse factoring | - | (14,370) |
| Repayment of financing – factoring | - | (3,618) |
| Payments under finance lease contracts | (13,470) | (12,424) |
| Interest and commissions paid | (3,413) | (5,020) |
| Other cash used in financing activities – corporate surety | (192) | (192) |
| Other cash provided by financing activities – corporate surety | 15 | 15 |
| Net cash from financing activities | 216 | (105,090) |
| Total net cash flows | 11,679 | 6,142 |
| Cash and cash equivalents at beginning of period | 12,961 | 22,627 |
| <i>Effect of exchange rate movements on net cash in foreign currencies</i> | <i>17</i> | <i>3</i> |
| Cash and cash equivalents at end of period | 24,640 | 28,769 |

Interim separate statement of changes in equity

| | Share capital issued | Capital from issue of warrants | Share premium | Retained earnings – other | Total |
|---|----------------------|--------------------------------|----------------|---------------------------|----------------|
| As at Dec 31 2019 | 13,062 | 2,103 | 106,299 | 265,817 | 387,281 |
| Net profit for period | | | | 48,511 | 48,511 |
| Other comprehensive income for period, net | | | | | |
| Total comprehensive income | - | - | - | 48,511 | 48,511 |
| Dividend paid | | | | - | - |
| Issue of ordinary shares | - | | - | | - |
| Balance as at June 30th 2020 (unaudited) | 13,062 | 2,103 | 106,299 | 314,328 | 435,792 |
| As at Dec 31 2019 | 13,062 | 2,103 | 106,299 | 265,817 | 387,281 |
| Net profit for period | | | | 116,064 | 116,064 |
| Other comprehensive income for period, net | | | | | |
| Total comprehensive income | - | - | - | 116,064 | 116,064 |
| Dividend paid | | | | | |
| Issue of ordinary shares | | | | | |
| As at Dec 31 2020 | 13,062 | 2,103 | 106,299 | 381,881 | 503,345 |
| Net profit for period | | | | 89,440 | 89,440 |
| Other comprehensive income for period, net | | | | | |
| Total comprehensive income | - | - | - | 89,440 | 89,440 |
| Dividend paid | | | | (13,062) | (13,062) |
| Issue of ordinary shares | | | | | |
| Balance as at June 30th 2021 (unaudited) | 13,062 | 2,103 | 106,299 | 458,259 | 579,723 |

Notes

1. Statement of compliance and basis of preparation

These interim condensed separate financial statements (“financial statements”) of the Company for the six months from January 1st to June 30th 2021 and for the corresponding period of the previous year have been prepared in accordance with IAS 34 *Interim Financial Reporting* and all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at June 30th 2021.

These interim condensed separate financial statements should be read in conjunction with the interim condensed consolidated financial statements of the Group to obtain a full understanding of the Company’s performance and financial position. Pursuant to Par. 62.3 of the Minister of Finance’s Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, the condensed separate notes to the interim condensed separate financial statements contain solely the information and data not included in the interim condensed consolidated financial statements which is relevant for reliable assessment of the Company’s assets, financial condition and financial performance.

The accounting policies applied in the preparation of these separate financial statements are consistent with the policies applied in the preparation of the full-year separate financial statements for the financial year ended December 31st 2020, save for the presentation changes discussed in Note 3.

These interim condensed separate financial statements should be read in conjunction with the audited full-year separate financial statements for the year ended December 31st 2020 prepared in accordance with IFRS.

These interim condensed separate financial statements have been prepared on a going concern basis. As at the date of authorisation of these financial statements, there were no circumstances indicating any threat to the Group’s ability to continue as a going concern.

All amounts in these interim condensed financial statements are presented in PLN thousands, unless indicated otherwise.

2. Significant assessments and estimates

The preparation of financial statements in accordance with IFRS requires the Management Board of the Company to use judgements and estimates which affect the applied accounting policies and the amounts of reported assets, liabilities, income and expenses. Judgements and estimates are reviewed on an ongoing basis. A change in estimates is recognised in profit or loss for the period in which the change occurred. During the reporting period, there were no material changes in judgements and estimates.

3. Change of accounting policies and presentation

3.1. Changes in accounting policies

The Company did not change its accounting policies.

3.2. Presentation changes

The Company's Management Board made the following presentation change in the reporting period in order to present the Company's financial position in a reliable and faithful manner.

- 1) Change in the presentation of employee benefit obligations, comprising salaries and wages, social security and PPK (Employee Capital Plan) obligations. Before the change, these obligations were presented in the statement of financial position under other liabilities. After the change, they were presented in employee benefit obligations and provisions. Below is presented the effect of the presentation change in the statement of financial position as at June 30th 2020 and December 31st 2020 and in the statement of cash flows for the period ended June 30th 2020.

The Company's Management Board made the following presentation change in 2020 in order to present the Company's financial position in a reliable and faithful manner.

- 1) Change in the presentation of estimates of trade discounts due from suppliers. Before the change, the estimated value of trade discounts from suppliers was presented in the statement of financial position under trade and other payables as a reduction in trade payables. After the change, the estimated amount of trade discounts from suppliers is presented in the statement of financial position under trade and other payables as a decrease in trade payables up to the balance of payables to the supplier as at the reporting date, while the surplus is presented under trade and other receivables as an increase in trade receivables from the supplier. Below is presented the effect of the presentation change in the statement of financial position as at June 30th 2020 and in the statement of cash flows for the period ended June 30th 2020.
- 2) Change in the presentation of share of profit of related entities. Before the change, the share of profit of related entities was presented in the statement of cash flows as a change in trade and other receivables. After the change, the share of profit of related entities is presented as a separate line item in operating activities, with a change in trade and other payables adjusted accordingly in connection with the share of profit due being offset against trade payables owed to the related entity. Presented below is the effect of the presentation change in the statement of cash flows for the period ended June 30th 2020.

| Statements of financial position | As at Jun 30 | change | As at Jun 30 | As at Dec 31 | change | As at Dec 31 |
|----------------------------------|----------------|--------------|----------------|----------------|--------|----------------|
| | 2020 | | 2020 | 2020 | | 2020 |
| | before | | after | before | | after |
| Current assets | | | | | | |
| Trade and other receivables | 137,696 | 2,984 | 140,680 | 157,573 | - | 157,573 |
| Total current assets | 636,884 | 2,984 | 639,868 | 620,951 | - | 620,951 |
| Total assets | 805,927 | 2,984 | 808,911 | 797,362 | - | 797,362 |
| Current liabilities | | | | | | |

| | | | | | | |
|---|----------------|--------------|----------------|----------------|----------|----------------|
| Trade and other payables | 164,852 | (7,770) | 157,082 | 85,139 | (11,231) | 73,908 |
| Employee benefit obligations and provisions | 5,027 | 10,754 | 15,781 | 5,305 | 11,231 | 16,536 |
| Total current liabilities | 216,695 | 2,984 | 219,679 | 200,377 | - | 200,377 |
| Total liabilities | 370,135 | 2,984 | 373,119 | 294,017 | - | 294,017 |
| Total equity and liabilities | 805,927 | 2,984 | 808,911 | 797,362 | - | 797,362 |

| Statement of cash flows | Period ended | change | Period ended | Period ended | change | Period ended |
|---|----------------|--------|----------------|--------------------|--------|--------------------|
| | June 30th 2020 | | June 30th 2020 | December 31st 2020 | | December 31st 2020 |
| | before | | after | before | | after |
| Change in trade and other receivables | -13,913 | 10,136 | -3,777 | -15,756 | | -15,756 |
| Gains on share in profit or loss of related entities | - | -9,528 | -9,528 | (19,519) | - | -19,519 |
| Change in trade and other payables | 97,553 | -968 | 96,585 | 18,819 | (838) | 17,981 |
| Change in employee benefit obligations and provisions | 2,160 | 360 | 2,520 | 3,244 | 838 | 4,082 |
| Cash from operating activities | 128,122 | - | 128,122 | 151,450 | - | 151,450 |
| Net cash from operating activities | 113,723 | - | 113,723 | 126,503 | - | 126,503 |

4. Transactions with subsidiaries

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|-----------------------------|-----------------------------|
| Sales of goods and services and other income | | |
| Maxgear Sp. z o.o. Sp. komandytowa | 2,363 | 1,599 |
| <i>including:</i> | | |
| <i>sales of goods</i> | 9 | - |
| <i>sales of services</i> | 2,162 | 1,460 |
| <i>re-charge of costs</i> | 192 | 139 |
| AP Auto Partner CZ s.r.o. | 8,228 | 5,298 |
| <i>including:</i> | | |
| <i>sales of goods</i> | 8,136 | 5,227 |
| <i>sales of services</i> | 67 | 61 |
| <i>re-charge of costs</i> | 25 | 10 |
| Maxgear Sp. z o.o. | - | - |
| AP Auto Partner RO s.r.l. | - | - |
| Total | 10,591 | 6,897 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|-----------------------------|-----------------------------|
| Finance income | | |
| Maxgear Sp. z o.o. Sp. komandytowa | 2,294 | 9,543 |
| <i>including:</i> | | |
| <i>share of profit</i> | 2,279 | 9,528 |

| | | |
|----------------------------------|--------------|--------------|
| <i>corporate surety</i> | 15 | 15 |
| AP Auto Partner CZ s.r.o. | 41 | 46 |
| <i>including:</i> | | |
| <i>interest on loan advanced</i> | 29 | 27 |
| <i>interest on finance lease</i> | 12 | 19 |
| Maxgear Sp. z o.o. | - | - |
| AP Auto Partner RO s.r.l. | - | - |
| Total | 2,335 | 9,589 |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|---|--------------------------------|--------------------------------|
| Finance costs | | |
| Maxgear Sp. z o.o. Sp. komandytowa | (192) | (192) |
| <i>including:</i> | | |
| <i>corporate surety</i> | (192) | (192) |
| AP Auto Partner CZ s.r.o. | - | - |
| Maxgear Sp. z o.o. | - | - |
| AP Auto Partner RO s.r.l. | - | - |
| Total | (192) | (192) |

| | Period ended June 30th 2021 | Period ended June 30th 2020 |
|--|--------------------------------|--------------------------------|
| Purchase of goods and other purchases | | |
| Maxgear Sp. z o.o. Sp. komandytowa | 139,790 | 116,698 |
| <i>including:</i> | | |
| <i>purchase of goods</i> | 139,790 | 116,698 |
| AP Auto Partner CZ s.r.o. | - | - |
| <i>including:</i> | | |
| <i>purchase of goods</i> | - | - |
| Maxgear Sp. z o.o. | - | - |
| AP Auto Partner RO s.r.l. | - | - |
| Total | 139,790 | 116,698 |

| | As at June 30th 2021 | As at December 31st 2020 |
|---|----------------------|--------------------------|
| Receivables | | |
| Maxgear Sp. z o.o. Sp. komandytowa | 3,778 | 21,163 |
| <i>including:</i> | | |
| <i>trade receivables</i> | 1,499 | 1,644 |
| <i>share of profit receivables</i> | 2,279 | 19,519 |
| AP Auto Partner CZ s.r.o. | 15,526 | 13,618 |
| <i>including:</i> | | |
| <i>trade receivables</i> | 13,863 | 11,878 |
| <i>finance lease receivables</i> | 298 | 419 |
| <i>loan receivables</i> | 1,365 | 1,321 |
| Maxgear Sp. z o.o. | - | - |

| | | |
|---------------------------|---------------|---------------|
| AP Auto Partner RO s.r.l. | - | - |
| Total | 19,304 | 34,781 |

| | As at June 30th 2021 | As at December 31st 2020 |
|------------------------------------|-------------------------|-----------------------------|
| Liabilities | | |
| Maxgear Sp. z o.o. Sp. komandytowa | 11,538 | 12,803 |
| <i>including:</i> | | |
| <i>trade payables</i> | 11,538 | 12,803 |
| AP Auto Partner CZ s.r.o. | - | - |
| Maxgear Sp. z o.o. | - | - |
| AP Auto Partner RO s.r.l. | - | - |
| Total | 11,538 | 12,803 |

5. Authorisation of the interim condensed separate financial statements for issue

These interim condensed separate financial statements of the Company were authorised for issue by the Management Board on September 15th 2021.

III. Interim Directors' Report on the operations of the Group

1. The Company and the Group

Overview of the Group

The Group operates under the name of Auto Partner (the “Group”), with Auto Partner S.A. of Bieruń (the “Company”) as the parent. Basic information on the parent is presented below:

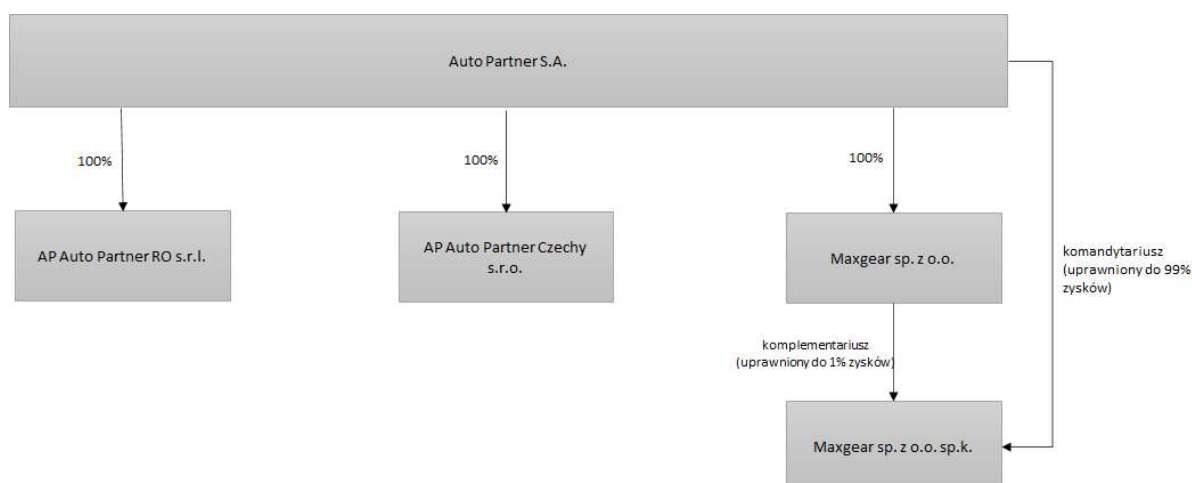
| | |
|---------------------------|--|
| Registered office: | Bieruń |
| Legal form: | joint stock company |
| Country of incorporation: | Poland |
| Address: | ul. Ekonomiczna 20, 43-150 Bieruń |
| Tel./Fax: | +48 32,325 15 00 / +48 32,325 15 20 |
| Email: | kontakt@autopartner.com |
| Website: | www.autopartner.com |

As at June 30th 2021, in addition to the Parent, the Group included the following subsidiaries: Maxgear Spółka z ograniczoną odpowiedzialnością of Tychy (wholly-owned by the Parent), Maxgear Spółka z ograniczoną odpowiedzialnością spółka komandytowa of Bieruń (the Parent is a limited partner in the company, entitled to 99% of its profits), AP Auto Partner CZ s.r.o. of Prague, the Czech Republic (wholly-owned by the Parent), and AP Auto Partner RO s.r.l. of Bucharest, Romania (wholly-owned by the Parent).

The companies are consolidated in the Group's financial statements on a full basis.

Apart from conducting its business involving the sale of automotive parts and accessories, the Company, as the Parent, acts as the holding company in the Group and coordinates the operation of its subsidiaries and creation of a uniform trading, marketing, investment and credit policy for the Group.

The chart below presents the structure of the Group as at the reporting date, including all of the Company's subsidiaries.



Source: the Group.

Material subsidiaries of Auto Partner S.A.

Maxgear sp. z o.o.

Maxgear sp. z o.o., with its registered office at ul. Bałuckiego 4, 43-100 Tychy, Poland, is entered in the Register of Businesses at the National Court Register under No. 0000279190. The company's share capital amounts to PLN 50,000.00 and is divided

into 100 shares with a par value of PLN 500 per share. The company is wholly owned by the parent, holding 100% of its shares and the right to exercise all voting rights at its General Meeting.

Maxgear sp. z o.o. is a general partner in Maxgear sp. z o.o. sp.k., which it represents and whose operations it manages. Maxgear sp. z o.o. does not carry out any operating activities. The Group's strategy provides for further brand value building. In this model, Maxgear sp. z o.o. is to continue as an entity representing Maxgear sp. z o.o. sp.k. and managing its operations.

Maxgear sp. z o.o. sp.k.

Maxgear sp. z o.o. sp.k., with its registered office at ul. Ekonomiczna 20, 43-150 Bieruń, Poland, is entered in the Register of Businesses at the National Court Register under No. 0000332893. The Company is its limited partner, with the limited partner's contribution amount of PLN 20,000 and a 99% share of the company's profits. The right to the remaining 1% of profits is held by Maxgear sp. z o.o.

The company's business involves purchasing goods which are then sold by the Group under the Maxgear brand. Most of the goods are imported from Asia and then resold to the Company for further distribution.

AP Auto Partner CZ s.r.o.

AP Auto Partner CZ s.r.o., with its registered office in Prague, the Czech Republic, is incorporated under the Czech law and is responsible for the Group's operations in the Czech market. AP Auto Partner CZ s.r.o. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting. AP Auto Partner CZ s.r.o. is engaged in sales in the Czech market through a warehouse in Prague.

AP Auto Partner RO s.r.l.

AP Auto Partner RO s.r.l., with its registered office in Bucharest, Romania, is incorporated under the Romanian law and is to be responsible for the Group's operations in the Romanian market. AP Auto Partner RO s.r.l. is wholly owned by the Company, which holds the right to exercise all voting rights at its General Meeting. The Group intends to use the company as a platform for expansion of its warehouse facilities and sales in this market.

2. Basis of preparation of the half-year condensed consolidated financial statements; description of key threats and risks relating to the six months remaining to the end of the financial year

Basis of preparation of the half-year condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared in accordance with IAS and IFRS; the policies are described in Note 2 to the interim condensed consolidated financial statements.

In its half-year consolidated report the Company has included interim condensed separate financial statements containing the information required under Par. 62.3 of the Regulation of the Minister of Finance of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

Description of key threats and risks relating to the six months remaining to the end of the financial year

The Management Board has identified the following risks related to its operations:

- Risk of changes in the bonus policies applied by spare parts suppliers (manufacturers)
- Risk related to unsuccessful strategy implementation or adoption of a wrong development strategy
- Risk of a decline in demand for certain goods offered by the Company
- Risk related to the structure of the Group's debt
- Currency risk
- Risk related to the concentration of stocks (merchandise) in the central warehouse
- Risk related to the loss of key personnel and inability to hire qualified workforce
- Risk related to the IT system
- Risk related to the operation of the Group's main warehouse

Another significant risk in the Company's business environment is currently the risk associated with the coronavirus pandemic, as described in Section 4. The management of the Company believes that the situation does not pose any threat to the Company continuing as a going concern, and therefore the financial statements have been prepared on the assumption that the Company and the Group will continue as going concerns for at least 12 months from the reporting date.

At present, the Company has not identified any significant risks other than those specified above. In particular, as at the date of issue of these financial statements, the Company did not identify any credit or liquidity risks, or risks related to the availability of financing or breach of financial covenants. The Company's financial condition is stable, with cash and available credit limits providing a safety buffer. In the medium and long term, depending on how the situation develops, the Company, in consultation with the financing banks, will adjust the credit limits to the current needs and the value of the collateral it may provide. Operating decisions will also be made on an ongoing basis, including in relation to operating costs, to maintain an appropriate level of profitability and thus meet the financial covenants provided for in the agreements with banks.

As at the date of issue of this report, the Company did not identify any risks related to the valuation of non-financial assets (in particular inventories) or the delivery of purchased goods. There were no significant delays in deliveries or problems in placing or executing contracts.

The Management Board of the Company assesses and manages the Company's business risks on an ongoing basis. The Management Board is responsible for monitoring and identifying the risks. The enterprise risk management process is carried out by the Management Boards of individual Group companies.

3. Key events related to the Company in the six months ended June 30th 2021

- On January 11th 2021, the Issuer entered into an agreement with Global One Automotive GmbH of Frankfurt whereby it advanced a EURO 525 thousand loan to Global One. The loan bears interest at 4.5%. The agreement was concluded for a definite term. The loan was repaid in full on June 21st 2021.
- On February 26th 2021, the Issuer filed an application with the Provincial Labour Office in Katowice for grant to subsidise remuneration for employees not covered by any economic downtime or reduced amount of working time, due to the decline in turnover caused by the COVID-19 pandemic. The application was submitted pursuant to Art. 15gg of the Act on special arrangements to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz. U. of 2020s, item 374, as amended). The reason for the application was a 29.30% decline in sales recorded by the Company in the period from March 18th 2020 to April 16th 2020 relative to the comparative 30-day period of the previous year. Amount requested: PLN 11,240,302.08, including: grant for social security contributions: PLN 1,648,794.12, grant for employee remuneration: PLN 9,591,507.96. A total amount of PLN 11,240,302.08 was credited to the Company's bank account. In accordance with the application, the grants were used to pay employee remuneration and social security contributions for February, March and April 2021. Following full settlement of the application, the final amount of the grant totalled PLN 8,855,188.20. On May 26th 2021, the Company returned PLN 2,385,113.88 to the bank account of the Provincial Labour Office in Katowice.
- On March 15th 2021, the Management Board of the Company passed a resolution to request the Annual General Meeting to pay dividend for the financial year 2020 in a total amount of PLN 13,062,000, or PLN 0.10 (ten grosz) per share. The Management Board recommended that the balance of the net profit for 2020, of PLN 103,002,622.21 be allocated to the Company's statutory reserve funds. At the meeting held on March 30th 2021, the Supervisory Board gave a positive opinion concerning the Management Board's recommendation. At its meeting held on May 27th 2021, the Annual General Meeting passed a resolution granting the request, setting June 7th 2021 as the dividend record date. The dividend was paid on June 15th 2021.
- On April 1st 2021, the Company signed an annex to the reverse factoring agreement of March 29th 2019 with Santander Factoring Sp. z o.o. The annex extended the agreement for another year, until March 31st 2022.
- On May 28th 2021, the Supervisory Board of the Company – acting pursuant to Section 5 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Auto Partner S.A. as adopted by the General Meeting on June 19th 2020, and pursuant to Section 5.3 of the Rules of the Incentive Scheme for Members of the Management Board of Auto Partner S.A., approved by the Supervisory Board's resolution of April 9th 2019, based on the audited consolidated financial statements of the Auto Partner Group for the financial year 2020 as approved by Annual General Meeting on May 27th 2021 and based on the review of the business targets set in the Rules – decided to grant the following bonuses for 2020 to the Incentive Scheme participants Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board:
Piotr Janta, Vice President of the Management Board – a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023;

Andrzej Manowski, Vice President of the Management Board – a bonus of PLN 1,738,000, to be paid in accordance with the Rules in the following instalments: PLN 1,216,600 in 2021, PLN 347,600 in 2022, and PLN 173,800 in 2023.

- Acting pursuant to the Incentive Scheme Rules adopted by the General Meeting of Maxgear Sp. z o.o. on May 30th 2019, on May 28th 2021 the Annual General Meeting of Maxgear Sp. z o.o. granted bonuses to members of the company's Management Board covered by the Incentive Scheme for the performance in 2020.
- In the second quarter of 2021, the space leased at a warehousing and logistics centre in Pruszków was increased by an additional 3,807 m² of warehousing space and 490 m² of office space under an annex to the lease contract with MLP PRUSZKÓW IV of October 20th 2020.
- The number of branches increased to 101 after nine new branches opened in the six months to June 30th 2021.

4. Impact of COVID-19 on the Group's operations and financial results

As at the issue date of this report, the Company did not identify any complications in the conduct of its business. However, given the continuing pandemic, as the main risk factors resulting from the epidemic and the measures taken to bring it to an end, the Company identifies the risk of reduced purchasing power of consumers and a decrease in consumers' mobility as a result of travel restrictions, as well as the risk of obstacles at country borders, which may affect transport to foreign customers. The Management Board believes that the coronavirus pandemic and its consequences in Poland and globally, that is the possible reinstatement of restrictions by national governments, may affect the Company's and the Group's business, growth opportunities and financial condition. Given the situation, since mid-March 2020 the Management Board has been monitoring the economic and financial position of the Auto Partner Group. The Company takes a number of measures to protect health and safety of its employees and customers, as well as measures aimed at minimising the economic impact of the pandemic. Given the continuing high level of uncertainty about the development of the situation, both on the domestic and global markets, it is not possible to estimate the pandemic's impact on the Group's results. Further development of the pandemic is highly unpredictable, and therefore the situation may change in the coming quarters of 2021.

5. Changes in the Group's key management policies

In the reporting period, there were no material changes in the policies applied in the management of Auto Partner S.A. and the Auto Partner Group, and no changes in the organisation of the Group, including changes resulting from a business combination, acquisition or loss of control of a subsidiary or a long-term investment, a demerger, restructuring or discontinuation of business. In April 2021, the registered office of AP Auto Partner RO s.r.l. of Romania was moved from Timișoara to Bucharest.

6. Management Board' position on the feasibility of published forecasts

The Management Board did not publish any forecasts of the Company's or the Group's results for 2021.

7. Shareholders holding 5% or more of total voting rights in the Company

In the period from the issue of the extended consolidated report for the three months ended March 31st 2021 (May 18th 2021) to the date of issue of this report (September 16th 2021), there were no changes in the large holdings of Company shares.

To the Company's best knowledge, the shareholders holding 5% or more of total voting rights as at September 16th 2021, i.e. the issue date of this report, were:

| Shareholder | Number of shares held | Number of votes at GM | % ownership interest | Percentage of total voting rights held |
|---|-----------------------|-----------------------|----------------------|--|
| Aleksander Górecki | 29,883,577 | 29,883,577 | 22.878% | 22.878% |
| Katarzyna Górecka | 35,060,681 | 35,060,681 | 26.841% | 26.841% |
| AEGON Otwarty Fundusz Emerytalny | 6,700,000 | 6,700,000 | over 5%* | over 5%* |
| Otwarty Fundusz Emerytalny Złota Jesień (OFE PZU) | 8,617,124 | 8,617,124 | over 5%** | over 5%** |

| | | | | |
|---|-----------|-----------|------------|------------|
| Nationale Nederlanden Powszechno Towarzystwo Emerytalne S.A. | 8,170,536 | 8,170,536 | over 5%*** | over 5%*** |
|---|-----------|-----------|------------|------------|

* In the most recent notification, received by the Company on June 7th 2016, AEGON Otwarty Fundusz Emerytalny reported that it held 6,700,000 Company shares, which, according to the Company's calculations based on the current share capital amount, currently represent 5.148% of total voting rights.

**In the most recent notification, received by the Company on April 10th 2017, Otwarty Fundusz Emerytalny Złota Jesień (OFE PZU) reported that it held 8,617,124 Company shares, which, according to the Company's calculations based on the current share capital amount, currently represent 6.622% of total voting rights.

***Nationale - Nederlanden Powszechno Towarzystwo Emerytalne S.A., through the following funds under its management: Nationale - Nederlanden Otwarty Fundusz Emerytalny and Nationale - Nederlanden Dobrowolny Fundusz Emerytalny, notified the Company on January 8th 2018 that it had exceeded the 5% threshold of the share capital and total voting rights at the General Meeting; its holding, according to the Company's calculations based on the current share capital amount, currently represents 6.279% of total voting rights.

8. Total number and par value of Company shares and shares in the Company's related entities held by the Company's management and supervisory staff (for each person separately)

To the best of the Company's knowledge, in the period from the issue of the extended consolidated report for the three months ended March 31st 2021 (May 18th 2021) to the date of issue of this report (September 16th 2021), no changes occurred in the holdings of shares by members of the Company's Management and Supervisory Boards.

The table below presents holdings of members of the Management Board and the Supervisory Board as at this report issue date, as per representations received from the persons concerned.

| Full name | Position | Number of Company shares held | Par value of the shares (PLN) |
|--------------------|--|-------------------------------|-------------------------------|
| Aleksander Górecki | President of the Management Board | 29,883,577 | 2,988,357.70 |
| Andrzej Manowski | Vice President of the Management Board | 375,000 | 37,500.00 |
| Piotr Janta | Vice President of the Management Board | 210,000 | 21,000.00 |
| Jarosław Plisz | Chairperson of the Supervisory Board | 20 | 2.00 |
| total: | | 30,468,597 | 3,046,859.70 |

Source: the Group.

None of the members of the Management or Supervisory Board holds any shares in the Company's subsidiaries.

9. Material court, arbitration and administrative proceedings

As at the date of issue of this report, no material proceedings are currently pending in relation to any liabilities or claims of the Company or any of its subsidiaries.

10. Related-party transactions executed by the Company or its subsidiaries on non-arm's length terms

The Group companies enter into related-party transactions exclusively on an arm's length basis. For detailed information on related-party transactions, see Note 25 to the interim condensed consolidated financial statements and Note 4 to the interim condensed separate financial statements.

11. Significant sureties and guarantees (received and issued), including in particular sureties and guarantees issued to and received from related entities

In the six months ended June 30th 2021, the Company and its subsidiaries did not issue any sureties for borrowings or any guarantees to a single entity or such entity's subsidiary where the total amount of outstanding sureties or guarantees for such entity would be significant.

12. Other information relevant to the assessment of the Company's and the Group's workforce, assets, financial position and profit or loss as well as the Group's ability to meet its obligations

12.1. Overview of key products, goods and services

The Group is a specialised logistics operator whose principal business activity consists in the organisation of distribution of vehicle spare parts directly from manufacturers to end users. It imports and distributes parts for passenger cars and delivery vehicles in the market for spare parts classified in accordance with the GVO regulations and European Union directives. The Group operates as a platform for sale, mainly via electronic channels, and supply logistics of spare parts, which are delivered on a just-in-time basis to distributed customers: repair workshops and stores.

The Group offers a wide range of spare parts. The key product category is spare parts for European, Japanese and Korean cars.

The Group is also consistently expanding its sales of parts for motorcycles and motor scooters, and operates in the area of distribution of tools and equipment for repair workshops. It also offers specialist training to its customers to improve their qualifications. Since 2016, the Group has also been actively developing its independent repair workshop brand of MaXserwis, which brings together the cooperating businesses.

The Group's sales by product group:

| PRODUCT GROUP | for the six months ended | | | |
|---|--------------------------|----------------------|------------------|----------------------|
| | Jun 30 2021 | | Jun 30 2020 | |
| | sales [PLN '000] | % ownership interest | sales [PLN '000] | % ownership interest |
| Suspension | 186,021 | 17.3% | 129,216 | 16.7% |
| Brakes | 156,688 | 14.6% | 114,093 | 14.7% |
| Drivetrain | 126,936 | 11.8% | 90,775 | 11.7% |
| Electrical systems | 110,607 | 10.3% | 75,225 | 9.7% |
| Engine – consumables | 96,750 | 9.0% | 73,403 | 9.5% |
| Consumables/ accessories | 93,386 | 8.7% | 71,906 | 9.3% |
| Engine – repairs | 85,274 | 7.9% | 66,668 | 8.6% |
| Filters | 59,117 | 5.5% | 47,440 | 6.1% |
| Equipment for repair workshops | 29,128 | 2.7% | 20,475 | 2.6% |
| Exhaust system | 26,881 | 2.5% | 16,716 | 2.2% |
| Air conditioning system | 17,852 | 1.7% | 11,794 | 1.5% |
| Hydraulic parts | 16,171 | 1.5% | 12,125 | 1.6% |
| Body | 15,742 | 1.5% | 9,509 | 1.2% |
| Engine cooling system | 12,654 | 1.2% | 9,614 | 1.2% |
| Other | 11,577 | 1.1% | 6,862 | 0.9% |
| Turbochargers | 9,591 | 0.9% | 6,517 | 0.8% |
| Lines | 7,355 | 0.7% | 5,255 | 0.7% |
| Lighting | 4,838 | 0.5% | 2,241 | 0.3% |
| Wheel and wheel parts | 4,491 | 0.4% | 2,892 | 0.4% |
| Heating and ventilation | 3,602 | 0.3% | 2,248 | 0.3% |
| Total | 1,074,661 | 100.0% | 774,974 | 100.0% |
| IAS adjustments, security deposits, other | -12,752 | | -8,566 | |
| Total – revenue from sale of merchandise | 1,061,909 | | 766,408 | |

Source: the Group.

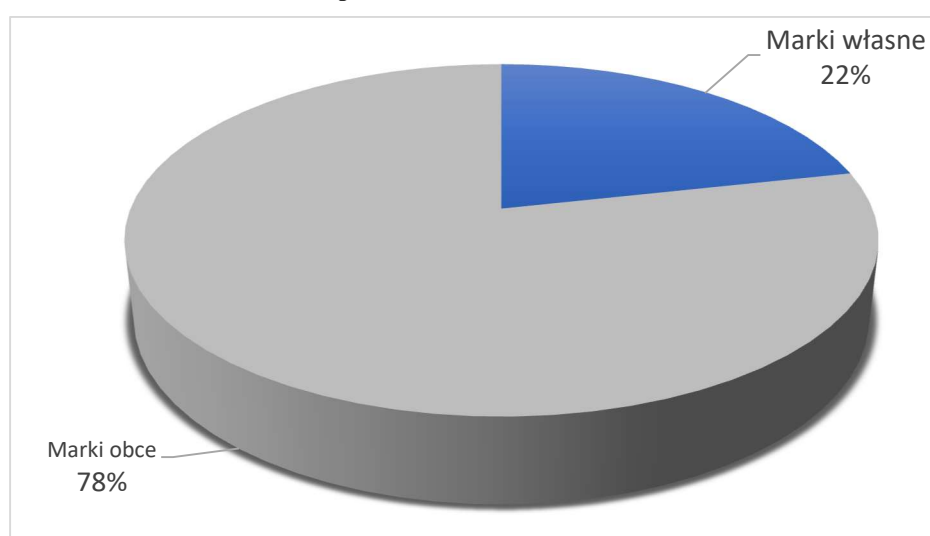
Private label brands

The Group's leading private label brand is MaXgear. It includes high-margin products comparable to those offered by known European suppliers, such as Hans Pries, Febi, and Vaico. Under the MaXgear brand, the Group offers products in all product groups. The Group also offers private label brands and brands distributed on an exclusive basis: Quaro, comprising braking system parts, Rooks, covering workshop equipment, and Rymec, specialising in drivetrain systems.

The Group seeks to maximise the quality of the products it sells under private label brands. The success of those efforts is confirmed by the complaint rate, which does not deviate much from those reported by quality leaders, as evidenced by, for example, the range of brake products. The Group seeks to further reduce the complaint rate by reviewing the production facilities on an ongoing basis and selecting appropriate automotive part suppliers.

The Group is also gradually expanding its sales of premium segment private label brands and brands for which it is the exclusive distributor. Thanks to the product diversification and the development of proprietary brands, the Company is able to grow in a stable way and achieve greater sales profitability than in the case of the broad market brands.

Share of private label brands in total sales



Source: the Group.

| | |
|---------------------|-----------------------------|
| <i>Marki obce</i> | <i>Third-party brands</i> |
| <i>Marki własne</i> | <i>Private label brands</i> |

12.2. Overview of the Group's geographical markets

Currently, the Group's core market is the domestic market. However, the share of revenue generated by export sales, executed mainly through deliveries directly from the central warehouse and the hub in Pruszków, is growing. The Group currently supplies to customers in Germany, Austria, the Czech Republic, Slovakia, Hungary, Romania, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Lithuania, Latvia, Estonia, Ukraine, the Netherlands, Belgium, Denmark, Finland, France and Italy.

Revenue structure by domestic and export sales:

| | for period ended Jun 30 | | | |
|--------------------------------------|----------------------------|-----------|----------|-----------|
| | 2021 | | 2020 | |
| | PLN '000 | share [%] | PLN '000 | share [%] |
| Sales of merchandise – Poland | 580,631 | 54.6% | 445,300 | 58.0% |
| Sales of merchandise – EU | 474,461 | 44.6% | 317,606 | 41.4% |
| Sales of merchandise – other exports | 6,817 | 0.6% | 3,502 | 0.5% |
| Sales of services – Poland | 323 | 0.0% | 909 | 0.1% |
| Sales of services – EU | 680 | 0.1% | 456 | 0.1% |

| | | | | |
|--------------|------------------|-------------|----------------|---------------|
| Total | 1,062,912 | 100% | 767,773 | 100.0% |
|--------------|------------------|-------------|----------------|---------------|

Source: the Group, consolidated financial statements.

The strong increase in the Group's export sales in recent years was achieved as a result of intensified efforts in this area, and the Group still sees significant export growth potential in the coming years.

12.3. Projected development of the Group

All companies of the Auto Partner Group pursue a common and uniform growth strategy. The Group's strategy is to ensure sustainable growth of the shareholder value by further expanding the scale of its business, increasing the market share, and strengthening the market position, while focusing on business process efficiency in order to achieve attractive margins.

The Management Board has defined four main strategic objectives for the Group:

1. growth of the business scale,
2. further product diversification,
3. further increase in profitability,
4. Expansion into new markets.

Growth of the business scale

The Group intends to implement a programme to expand the network of own branches and to regularly take measures to optimise its economic efficiency. The Group's objective is to provide customers in Poland with access to a distribution network capable of making deliveries more than once a day. In line with the expansion of the branch network, regional logistics and storage centres are established, which significantly improve the efficiency of distribution across Poland, and can also be used to efficiently supply selected foreign markets. The Group recognises the growing market need to minimise spare parts delivery times between the distributor and the workshop. To address this need, the Company is currently planning an additional increase of the storage area at the logistic centres in Bieruń and Pruszków and intends to set up a new logistics and storage centre.

Expansion into foreign markets is another way to accelerate growth of the business.

Since the end of 2017, the Group has conducted sales activities through its first foreign branch, operated by the subsidiary AP Auto Partner CZ s.r.o. Located in Prague, the Czech Republic, the subsidiary aims to expand its customer base to include repair workshops.

The Group is currently analysing further foreign markets where it intends to intensify its activities.

Further product diversification

Further steps in the Group development will involve continued expansion of its portfolio of spare parts.

By joining the Global One Automotive Group in 2017, the Group obtained access to the offering of key suppliers in the spare parts sector, whose products had not been available at its warehouses.

Further increase in profitability

One part of the strategy for further growth of the Group's profitability is continued brand value building for the private label product brands based on experience gained in the development of the MaXgear brand. The adopted strategy led to the introduction of new proprietary brands and brands offered on an exclusive basis: Quaro, comprising braking system parts, Rymec, specialising in drivetrain parts, and Rooks, covering workshop equipment.

In addition, the profitability growth will be supported by the increasing business scale, translating into further improvement of the terms of cooperation with automotive part suppliers. Another aspect with a bearing on profitability is the bonus obtained through the Global One procurement group.

The Group also intends to continue its effective cost control policy by improving and developing its IT solutions and business processes.

12.4. Current and projected financial position – factors and events, including of a non-recurring nature, having a material bearing on the condensed financial statements

The analysis of the Group's financial and operating position was conducted on the basis of the IFRS-compliant separate and consolidated financial statements for the first half of 2021.

The table below presents selected items of the consolidated statements of profit or loss and other comprehensive income for the periods indicated.

| | six months ended June 30th consolidated financial statements | | |
|-------------------|--|----------|----------|
| | 2021 | 2020 | 2019 |
| | PLN '000 | PLN '000 | PLN '000 |
| Revenue | 1,062,912 | 767,773 | 719,574 |
| Gross profit | 303,726 | 217,403 | 183,141 |
| Operating profit | 117,956 | 61,879 | 40,647 |
| Profit before tax | 115,624 | 56,168 | 36,129 |
| Net profit | 93,365 | 45,284 | 28,954 |

Source: the Group, consolidated financial statements.

Revenue

Revenue from sales of merchandise accounted for 99.9% of total revenue in the six months ended June 30th 2021, which is due to the nature of the Group's business. Revenue from sale of merchandise includes revenue from sales of suspension and steering system parts, braking system parts, shock absorbers and springs, filters, fuel system parts, seals and engine parts, drive belts and rollers, electrical systems, cooling and air-conditioning parts, lines, wires, bands, oils and car chemicals, wipers, exhaust systems, and accessories. Revenue from rendering of services included revenue from sales of training, transport and rental services.

In the six months ended June 30th 2021, the Group's revenue was PLN 1,062,912 thousand, up 38.4% year on year. Foreign sales grew +49.9%, with a strong 30.2% growth also recorded for domestic sales.

The revenue growth in the period was partly attributable to the low base effect (declines in revenue reported in March and April 2020 following the imposition of the first lockdown). The higher revenue in the period was achieved also thanks to an effective pricing policy and business expansion, and particularly by: (i) responding correctly to the rapidly changing situation related to the coronavirus pandemic and its impact on the spare parts distribution market in Poland and other EU countries, (ii) expanding the product mix, (iii) better matching the product mix with the needs of customers in various price segments, (iv) steadily optimising and improving customer service.

Gross profit (loss)

In the six months ended June 30th 2021, the Group's gross profit was PLN 303,726 thousand, up 39.7% year on year.

The Group managed to maintain a strong gross margin despite a growing share of export sales, which deliver lower gross margins but, at the same time, generate lower operating expenses.

Operating profit (loss)

The Group's operating profit in the six months ended June 30th 2021 was PLN 117,956 thousand, a 90.6% increase year on year.

The marked improvement in operating profit and EBIT margin was driven by the strong gross margin, appropriate control of operating expenses, and operating leverage exploited after the pandemic-related restrictions were eased. It is also important to note the slightly distorted 2020 base effect driven by a decline in revenue in March and April 2020, which was also reflected in a lower operating profit.

What further reduced operating expenses and increased EBIT were grants of PLN 8,855 thousand from the Provincial Labour Office of Katowice to subsidise salaries of employees not covered by any furlough, economic downtime or reduced amount of working time, due to the decline in turnover caused by the COVID-19 pandemic. The grants were received under Art. 15gg of the Act on special arrangements to prevent, counteract and combat covid-19, other infectious diseases and crisis situations caused by them, dated March 2nd 2020 (Dz.U. of 2020, item 374, as amended).

Net profit (loss)

In the six months ended June 30th 2021, the Group posted net profit of PLN 93,365 thousand, up 106.2% year on year. Apart from the factors described above, net profit and net margin were supported by a drop in finance costs driven by a major decrease in interest expense (following a significant decrease in debt and lowest ever interest rates) and foreign exchange gains on financing activities.

Size and structure of assets

The table below presents the Group's assets as at the dates indicated.

| | As at Jun 30 2021 Consolidated financial statements | As at Dec 31 2020 Consolidated financial statements |
|--|---|---|
| | PLN '000 | PLN '000 |
| Non-current assets | 161,641 | 147,166 |
| Current assets | 818,781 | 642,787 |
| Inventories and right-of-return assets | 603,155 | 491,652 |
| Trade and other receivables | 183,015 | 129,751 |
| Other assets | 210 | 7 |
| Cash and cash equivalents | 32,401 | 21,377 |
| Total assets | 980,422 | 789,953 |

Source: the Group, consolidated financial statements.

As at June 30th 2021, the Group's total non-current assets increased by PLN 14,475 thousand, or 9.8% on year-end 2020. In the first half of the year the Group mainly incurred expenditure on ongoing replacements and upgrades of property, plant and equipment, which included partial replacement of the car fleet, upgrade of the storage facilities, development and extension of the facilities' infrastructure and investments in IT licences and infrastructure.

As at June 30th 2021, inventories (including right-of-return assets) amounted to PLN 603,155 thousand, up 22.7% on the end of the previous year.

Trade and other receivables increased by 41.1%, driven mainly by a higher share of export sales (which typically have longer payment terms) and higher total sales.

Sources of capital

The table below presents the Group's equity and liabilities as at the dates indicated.

| | As at Jun 30 2021 Consolidated financial statements | As at Dec 31 2020 Consolidated financial statements |
|--|---|---|
| | PLN '000 | PLN '000 |
| Equity | 563,137 | 482,927 |
| Share capital issued | 13,062 | 13,062 |
| Share premium | 106,299 | 106,299 |
| Other capital reserves | 1,718 | 1,811 |
| Retained earnings | 442,058 | 361,755 |
| Liabilities | 417,285 | 307,026 |
| Bank borrowings, other financial liabilities | 133,447 | 103,327 |
| Lease liabilities | 87,572 | 83,599 |
| Trade payables and right-of-return liabilities | 150,899 | 92,673 |
| Other liabilities other than trade payables | 45,367 | 27,427 |
| Total equity and liabilities | 980,422 | 789,953 |

Source: the Group, consolidated financial statements.

Equity

As at the end of June 2021, equity accounted for 57.4% of the Group's total equity and liabilities and amounted to PLN 563,137 thousand. Equity grew 16.6% in the reporting period, mainly due to the current period's net profit of PLN 93,365 thousand, partly offset by the payment of a dividend for 2020, of PLN 13,062 thousand.

Liabilities

As at the end of June 2021, the Group's liabilities represented 42.6% of total equity and liabilities and amounted to PLN 417,286 thousand. The largest items of the Group's liabilities as at the end of June 2021 were interest-bearing liabilities (bank borrowings, reverse factoring and leases), representing 53.0% of total liabilities, and trade payables, representing 36.2% of total liabilities.

Liquidity

In the six months ended June 30th 2021, the main sources of external financing for the Company and the Group were: (i) financing provided in the form of credit facilities (working capital facility and revolving credit facilities), (ii) shareholder loans, (iii) leases, (iv) reverse factoring arrangements.

The Group expects that the funding sources referred to above will continue to be its main sources of external financing in the near future. In addition, in justified cases, the Group may also consider raising financing through the issue of shares and debt securities (bonds) to a broader group of investors on the capital markets.

The table below presents selected data from the consolidated statement of cash flows for the six months ended June 30th 2021.

| | six months ended June 30th consolidated financial statements | |
|---|--|---------------|
| | 2021 | 2020 |
| Net cash from operating activities | 16,985 | 112,468 |
| Net cash from investing activities | (6,316) | (2,595) |
| Net cash from financing activities | 504 | (103,017) |
| Total net cash flows | 11,173 | 6,856 |
| Cash and cash equivalents at beginning of period | 21,206 | 25,947 |
| Effect of exchange rate movements on net cash in foreign currencies | 22 | 5 |
| Cash and cash equivalents at end of period | 32,379 | 32,803 |

Source: the Group, consolidated financial statements.

Financial metrics

In describing the Group's financial position, the Company uses alternative performance measures (APMs). The Management Board believes that the selected APMs provide valuable additional (apart from the data in the financial statements) information on the Group's financial and operating position, and facilitate analysis and assessment of the Group's financial performance in the reporting periods.

The definitions of the measures used by the Group in the reporting process are provided below. Selection of the APMs was preceded by an analysis of their suitability for providing useful information to investors about the financial position, cash flows and financial efficiency, and the Company believes that the selected APMs enable an optimum assessment of those aspects.

Attention should be paid to the effect of change in the presentation of estimates of trade discounts due from suppliers, as described in Note 3.2 to the interim consolidated financial statements of the Auto Partner Group, on the value of trade receivables and payables, and thus on the value of selected ratios. The presentation is changed starting from the financial statements for 2020, prepared as at December 31st 2020. The data as at the previous reporting dates, used to calculate the ratios, have been restated accordingly, resulting in changes in the ratios relative to those published in previous financial statements. The other presentation change concerned employee benefit obligations. The change was first made in the financial statements as at June 30th 2020, as discussed in the note stated above, with data as at the previous reporting dates restated for ratio calculation purposes.

Profitability metrics

The profitability metrics presented below were calculated on the basis of financial data from the consolidated statement of profit or loss and other comprehensive income for the six months ended June 30th 2021.

The tables below present the Group's profitability metrics for the periods indicated.

| | six months ended June 30th consolidated financial statements | | |
|--|--|----------|----------|
| | 2021 | 2020 | 2019 |
| | PLN '000 | PLN '000 | PLN '000 |
| EBITDA (PLN '000) ¹ | 130,491 | 73,210 | 49,545 |
| Gross margin (%) ² | 28.6 | 28.3 | 25.5 |
| EBITDA margin (%) ³ | 12.3 | 9.5 | 6.9 |
| EBIT margin (%) ⁴ | 11.1 | 8.1 | 5.6 |
| Pre-tax profit margin (%) ⁵ | 10.9 | 7.3 | 5.0 |
| Net profit margin (%) ⁶ | 8.8 | 5.9 | 4.0 |

Source: the Group.

- (1) The Group defines and calculates EBITDA as operating profit (loss) before depreciation and amortisation.
- (2) Gross margin is defined as the ratio of gross profit (loss) for the reporting period to revenue for the period.
- (3) EBITDA margin is defined as the ratio of EBITDA for the reporting period to revenue for the period.
- (4) EBIT margin is defined as the ratio of operating profit (loss) for the reporting period to revenue for the period.
- (5) Pre-tax profit margin is defined as the ratio of pre-tax profit for the reporting period to revenue for the period.
- (6) Net profit margin is defined as the ratio of net profit for the period to revenue for the period.

| | six months ended June 30th consolidated financial statements | | full-year consolidated financial statements | |
|----------------------|--|----------|--|----------|
| | 2021 | 2020 | 2020 | 2019 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| ROE ¹ (%) | 36.0 | 23.0 | 25.9 | 17.1 |
| ROA ² (%) | 21.3 | 11.9 | 14.4 | 8.6 |

Source: the Group.

- (1) The Group defines and calculates ROE by dividing net profit for the period (annualised) by average equity (calculated as the arithmetic mean of equity as at the end of the previous period and as at the end of the reporting period)
- (2) The Group defines and calculates ROA by dividing net profit for the period (annualised) by average assets (calculated as the arithmetic mean of total assets as at the end of the previous period and as at the end of the reporting period).

The Group's efficiency metrics

The Group's efficiency metrics presented below were calculated on the basis of financial data derived from the consolidated statement of profit or loss and other comprehensive income for the first six months of 2021 and the consolidated statement of financial position as at June 30th 2021.

The table below presents the Group's efficiency metrics for the periods indicated.

| | As at Consolidated financial statements | | | |
|--|--|-------------|-------------|-----------------------|
| | Jun 30 2021 | Jun 30 2020 | Dec 31 2020 | December 31st 2019 |
| | days | days | days | days |
| Inventory turnover period (days) ^{1*} | 131 | 157 | 147 | 152 |
| Average collection period (days) ² | 27 | 20 | 27 | 26 |
| Average payment period (days) ³ | 29 | 27 | 27 | 32 |
| Cash conversion cycle ⁴ | 128 | 150 | 147 | 146 |

Source: the Group.

- (1) The Group defines and calculates the inventory turnover period as the ratio of average sum of inventories and right-of-return assets (calculated as the arithmetic mean of the balance as at the end of the previous period and as at the end of the reporting period) to cost of sales in the period, multiplied by the number of days in the period.
- (2) The Group defines and calculates the average collection period as the ratio of average trade and other receivables (calculated as the arithmetic mean of trade and other receivables as at the end of the previous period and as at the end of the reporting period) to revenue in the period, multiplied by the number of days in the period.
- (3) The Group defines and calculates the average payment period as the ratio of average trade and other payables and right-of-return liabilities (calculated as the arithmetic mean of trade and other payables as at the end of the previous period and as at the end of the reporting period) to cost of sales in the period, multiplied by the number of days in the period.
- (4) The Group defines and calculates the cash conversion cycle as the sum of the inventory turnover period and average collection period less average payment period.

The Group's debt ratios

The Group's debt ratios presented below were calculated on the basis of the consolidated statement of financial position as at June 30th 2021.

The table below presents the Group's debt ratios.*

| | As at Consolidated financial statements | | | |
|--|--|-------------|-------------|-----------------------|
| | Jun 30 2021 | Jun 30 2020 | Dec 31 2020 | December 31st 2019 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Total debt ratio (%) ¹ | 42.6 | 45.9 | 38.9 | 50.3 |
| Long-term debt ratio (%) ² | 9.4 | 19.7 | 11.5 | 20.9 |
| Short-term debt ratio (%) ³ | 33.2 | 26.2 | 27.4 | 29.4 |
| Equity-to-debt ratio (%) ⁴ | 135.0 | 117.8 | 157.3 | 98.9 |

Source: the Group.

- (1) The Group defines and calculates the total debt ratio as the ratio of total liabilities as at the reporting date to total assets as at the reporting date.
- (2) The Group defines and calculates the long-term debt ratio as the ratio of non-current liabilities as at the reporting date to total assets as at the reporting date.
- (3) The Group defines and calculates the short-term debt ratio as the ratio of current liabilities as at the reporting date to total assets as at the reporting date.
- (4) The Group defines and calculates the equity-to-debt ratio as equity as at the reporting date to total liabilities as at the reporting date.

Liquidity ratios

The Group's liquidity ratios were calculated on the basis of financial data derived from the consolidated statement of financial position as at June 30th 2021.

The table below presents the Group's liquidity ratios.

| | As at | | | |
|----------------------------|-----------------------------------|-------------|-------------|--------------------|
| | Consolidated financial statements | | | |
| | Jun 30 2021 | Jun 30 2020 | Dec 31 2020 | December 31st 2019 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Current ratio ¹ | 2.52 | 3.12 | 2.97 | 2.79 |
| Quick ratio ² | 0.66 | 0.75 | 0.70 | 0.66 |
| Cash ratio ³ | 0.10 | 0.16 | 0.10 | 0.12 |

Source: the Group.

- (1) The Group defines and calculates the current ratio as the ratio of current assets as at the reporting date to current liabilities as at the reporting date.
- (2) The Group defines and calculates the quick ratio as the ratio of total current assets less inventories and right-of-return assets as at the reporting date to current liabilities as at the reporting date.
- (3) The Group defines and calculates the cash ratio as the ratio of cash and cash equivalents plus current financial assets as at the reporting date to current liabilities as at the reporting date.

12.5. Workforce

As at the end of June 2021, the Group had 2,039 employees, which represented an increase of 257, or 14.5%, in the Group's headcount relative to 1,782 at the end of 2020.

The table below presents the Group's headcount by type of employment:

| Type of employment | As at Jun 30 2021 | As at Dec 31 2020 |
|---|-------------------|-------------------|
| Employment contract | 1963 | 1,745 |
| Civil-law contract for specified activity | 76 | 37 |
| Total | 2039 | 1,782 |
| Average headcount | 1863 | 1,672 |

Source: the Group.

The table below presents the Group's workforce by area:

| Area | As at Jun 30 2021 | As at Dec 31 2020 |
|-------------------------------|-------------------|-------------------|
| Management and administration | 109 | 111 |
| Sales and marketing | 795 | 783 |
| Logistics and storage | 1,135 | 888 |
| Total | 2039 | 1,782 |

Source: the Group.

13. Factors that, in the Company's opinion, will have an impact on the Group's results in the next quarter or in and beyond the next quarter

The following factors will have an impact on the Group's performance in the future periods:

- Development of the coronavirus pandemic in Poland and globally, as described in Section 4 of this report.
- Nine new branches opened in the six months to June 30th 2021, with plans to launch further branches.

- Rules of awarding an incentive bonus to members of the Management Board of Auto Partner S.A. for 2021 were approved by a resolution of the Supervisory Board of the Company on September 10th 2021. In connection with early delivery of the 2019–2021 targets set in the Rules of the Incentive Scheme of April 9th 2019, approved by Resolution No. 3 of the Company’s Supervisory Board of April 3rd 2019, in order to ensure continuity of the incentive scheme for Members of the Management Board of Auto Partner S.A. in 2021, with the aim of the scheme being to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and reward their contribution to the shareholder value growth, the Supervisory Board approved the 2021 terms and conditions for awarding an incentive bonus to Andrzej Manowski, Vice President of the Management Board, of Piotr Janta, Vice President of the Management Board, linked to the amount of consolidated net profit of the Auto Partner Group for the financial year 2021. The total amount of bonuses paid in accordance with the rules set out in the Supervisory Board’s resolution will not exceed PLN 1,440,000 (one million, four hundred and forty thousand złoty).
- The rules of awarding an incentive bonus to the following members of the Management Board of Maxgear Sp. z o.o., approved by the General Meeting of Maxgear Sp. z o.o. on September 10th 2021: Grzegorz Pal and Arkadiusz Cieplak. Its terms will be the same as those applying to members of the Auto Partner S.A. Management Board. The total amount of bonuses paid under the resolution of the General Meeting to members of the Management Board of Maxgear Sp. z o.o. will not exceed PLN 720,000 (seven hundred and twenty thousand).
- Rules of the 2022–2024 Incentive Scheme for members of the Management Board of Auto Partner S.A. approved by a resolution of the Company’s Supervisory Board on September 10th 2021, providing for the payment of additional remuneration for the appointment to the Company’s Management Board, linked to the Company’s financial performance. The Scheme is intended for the following members of the Company’s Management Board: Andrzej Manowski and Piotr Janta; the purpose of the Scheme is to establish mechanisms to encourage activities that will ensure long-term growth of the shareholder value, reduce turnover of the Company’s management staff, and reward their contribution to the shareholder value growth. For detailed rules of awarding the incentive bonus, visit the Company’s website <https://ir.autopartner.com/lad-korporacyjny/#polityka-wynagrodzen>. The total amount of bonuses paid in accordance with the rules set out in the Rules will not exceed PLN 8,000,000 (eight million) during the entire term of the Scheme.
- Annex signed on September 13th 2021 to the multiline agreement with Santander Bank Polska Spółka Akcyjna of Warsaw of September 26th 2016 (as amended). The annex increased the multi-line limit (including the overdraft facility limit) from PLN 30,000,000.00 (thirty million złoty) to PLN 40,000,000 (forty million złoty), with the facility to be used to finance the day-to-day operations of Auto Partner S.A.
- Multipurpose facility agreement signed with BNP Paribas Bank Polska S.A. of Warsaw on September 13th 2021. The Company was granted a multi-purpose facility, including an overdraft facility of up to PLN 20,000,000 (twenty million złoty) to finance the day-to-day operations of Auto Partner S.A. Under the facility, a sublimit of PLN 20,000,000 (twenty million złoty) was provided to Maxgear Sp. z o.o. Sp.k.

Bieruń, September 15th 2021

Signatures of Management Board Members

Aleksander Górecki – President of the Management Board

Andrzej Manowski – Vice President of the Management Board

Piotr Janta – Vice President of the Management Board

Signature of the person responsible for accounting records

Kamila Obłodecka Pieńkosz – Chief Accountant