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*Interim condensed consolidated financial statements for the three months ended March 31st  
2020, prepared in accordance with International Financial Reporting Standards as endorsed by  
the European Union*

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## Statement of profit or loss and other comprehensive income

|   | Note | period ended    | period ended    |
|---|------|-----------------|-----------------|
|   |      | March 31st 2020 | March 31st 2019 |
|   |      | (unaudited)     | (unaudited)     |
| Revenue   | 3    | 371,103         | 326,681         |
| Cost of sales   | 4    | (273,807)       | (239,830)       |
| <b>Gross profit (loss)</b>                                |      | <b>97,296</b>   | <b>86,851</b>   |
| Distribution costs and marketing expenses                 | 4    | (44,787)        | (37,057)        |
| Storage (logistics) costs                                 | 4    | (26,657)        | (23,104)        |
| Administrative expenses                                   | 4    | (6,438)         | (5,653)         |
| Other gains (losses), net                                 | 5    | (341)           | 368             |
| Other income  |      | 37              | 106             |
| Other expenses  |      | (109)           | (63)            |
| <b>Operating profit (loss)</b>                            |      | <b>19,001</b>   | <b>21,448</b>   |
| Finance income  | 6    | 390             | 30              |
| Finance costs   | 7    | (3,695)         | (2,182)         |
| <b>Profit (loss) before tax</b>                           |      | <b>15,696</b>   | <b>19,296</b>   |
| Income tax  |      | (3,018)         | (3,808)         |
| <b>Net profit (loss)</b>                                  |      | <b>12,678</b>   | <b>15,488</b>   |
| <b>Discontinued operations</b>                            |      |                 |                 |
| Net profit (loss) from discontinued operations            |      | -               | -               |
| <b>NET PROFIT (LOSS)</b>                                  |      | <b>12,678</b>   | <b>15,488</b>   |
| <b>Other comprehensive income, net</b>                    |      |                 |                 |
| Exchange differences on translation of foreign operations |      | 59              | 4               |
| <b>Total other comprehensive income, net</b>              |      | <b>59</b>       | <b>4</b>        |
| <b>TOTAL COMPREHENSIVE INCOME</b>                         |      | <b>12,737</b>   | <b>15,492</b>   |
| Net profit attributable to:                               |      |                 |                 |
| Owners of the parent                                      |      | 12,678          | 15,488          |
| Non-controlling interests                                 |      | -               | -               |
| Total comprehensive income attributable to:               |      |                 |                 |
| Owners of the parent                                      |      | 12,737          | 15,492          |
| Non-controlling interests                                 |      | -               | -               |
| <b>Earnings (loss) per share (PLN per share)</b>          |      |                 |                 |
| From continuing and discontinued operations:              |      |                 |                 |
| Basic   |      | 0.10            | 0.12            |
| Diluted   |      | 0.10            | 0.12            |
| From continuing operations:                               |      |                 |                 |
| Basic   |      | 0.10            | 0.12            |
| Diluted   |      | 0.10            | 0.12            |

## Consolidated statement of financial position

|  | Note | March 31st 2020 | December 31st 2019 |
|--|------|-----------------|--------------------|
| (unaudited)  |      |                 |                    |
| <b>ASSETS</b>                                      |      |                 |                    |
| <b>Non-current assets</b>                          |      |                 |                    |
| Intangible assets                                  | 9    | 8,284           | 7,897              |
| Property, plant and equipment                      | 8    | 130,949         | 125,953            |
| Investments in other entities                      | 10   | 110             | 110                |
| Other long-term receivables                        | 13   | 1,838           | 1,896              |
| Other non-current financial assets                 | 11   | 36              | 37                 |
| Deferred tax assets                                |      | 2,923           | -                  |
| <b>Total non-current assets</b>                    |      | <b>144,140</b>  | <b>135,893</b>     |
| <b>Current assets</b>                              |      |                 |                    |
| Inventories  | 12.1 | 461,412         | 460,584            |
| Right-of-return assets                             | 12.2 | 8,217           | 7,528              |
| Trade and other receivables                        | 13   | 121,914         | 101,394            |
| Other financial assets                             | 11   | 353             | 30                 |
| Current tax assets                                 |      | -               | 150                |
| Cash and cash equivalents                          |      | 28,390          | 25,947             |
| <b>Total current assets</b>                        |      | <b>620,286</b>  | <b>595,633</b>     |
| <b>Total assets</b>                                |      | <b>764,426</b>  | <b>731,526</b>     |
| <b>EQUITY AND LIABILITIES</b>                      |      |                 |                    |
| <b>Equity</b>                                      |      |                 |                    |
| Share capital issued                               | 14   | 13,062          | 13,062             |
| Other components of equity                         |      | 300,461         | 300,461            |
| Retained earnings for previous year                |      | 58,714          | -                  |
| Retained earnings for current year                 |      | 12,678          | 58,714             |
| Translation reserve                                |      | 19              | (40)               |
| <b>Equity attributable to owners of the parent</b> |      | <b>384,934</b>  | <b>372,197</b>     |
| Equity attributable to non-controlling interests   |      | -               | -                  |
| <b>Total equity</b>                                |      | <b>384,934</b>  | <b>372,197</b>     |
| <b>Non-current liabilities</b>                     |      |                 |                    |
| Long-term borrowings                               | 15   | 93,021          | 90,319             |
| Lease liabilities                                  | 18   | 61,867          | 60,724             |
| Employee benefit obligations                       |      | 348             | 430                |
| Long-term provisions                               | 16   | 827             | 766                |
| Deferred tax liability                             |      | -               | 4,174              |
| <b>Total non-current liabilities</b>               |      | <b>156,063</b>  | <b>156,413</b>     |
| <b>Current liabilities</b>                         |      |                 |                    |
| Trade and other payables                           | 17.1 | 107,225         | 65,761             |
| Contract and right-of-return liabilities           | 17.2 | 10,488          | 9,778              |
| Short-term borrowings                              | 15   | 68,469          | 83,582             |
| Lease liabilities                                  | 18   | 23,646          | 21,818             |
| Reverse factoring liabilities                      | 19.1 | 6,672           | 14,370             |
| Factoring liabilities                              | 19.2 | -               | 3,550              |
| Current tax liability                              |      | 1,868           | -                  |
| Employee benefit obligations                       |      | 2,324           | 1,711              |
| Short-term provisions                              | 16   | 2,737           | 2,346              |
| <b>Total current liabilities</b>                   |      | <b>223,429</b>  | <b>202,916</b>     |
| <b>Total liabilities</b>                           |      | <b>379,492</b>  | <b>359,329</b>     |
| <b>Total equity and liabilities</b>                |      | <b>764,426</b>  | <b>731,526</b>     |

## Consolidated statement of cash flows

|   | Note | period ended<br>March 31st 2020 | period ended<br>March 31st 2019 |
|---|------|---------------------------------|---------------------------------|
| <b>Cash flows from operating activities</b>                         |      | (unaudited)                     | (unaudited)                     |
| <b>Profit before tax</b>  |      | <b>15,696</b>                   | <b>19,296</b>                   |
| <b>Adjustments:</b>   |      | <b>30,081</b>                   | <b>(10,165)</b>                 |
| Depreciation and amortisation                                       |      | 5,655                           | 4,176                           |
| Foreign exchange gains (losses)                                     |      | 1,174                           | 80                              |
| Gains (losses) on investing activities                              |      | (337)                           | 30                              |
| Finance costs recognised in profit or loss                          |      | 2,510                           | 2,148                           |
| Other adjustments   |      | -                               | (15)                            |
| Increase / decrease in inventories and right-of-return assets       |      | (1,532)                         | (7,546)                         |
| Increase / decrease in trade and other receivables                  |      | (20,303)                        | (34,977)                        |
| Increase / decrease in trade and other payables                     |      | 41,931                          | 24,440                          |
| Increase / decrease in employee benefit obligations and provisions  |      | 983                             | 1,499                           |
| <b>Cash from operating activities</b>                               |      | <b>45,777</b>                   | <b>9,131</b>                    |
| Income tax paid   |      | (8,096)                         | (5,469)                         |
| <b>Net cash from operating activities</b>                           |      | <b>37,681</b>                   | <b>3,662</b>                    |
| <b>Cash flows from investing activities</b>                         |      |                                 |                                 |
| Purchase of intangible assets and property, plant and equipment     |      | (1,220)                         | (2,010)                         |
| Disposal of intangible assets and property, plant and equipment     |      | 13                              | 8                               |
| Loans   |      | -                               | (110)                           |
| Repayment of loans  |      | 25                              | 27                              |
| Receipts from finance lease   |      | 2                               | 3                               |
| Interest received   |      | 3                               | 1                               |
| Receipts from forward contracts                                     |      | -                               | -                               |
| Payments for forward contracts                                      |      | -                               | -                               |
| <b>Net cash from investing activities</b>                           |      | <b>(1,177)</b>                  | <b>(2,081)</b>                  |
| <b>Cash flows from financing activities</b>                         |      |                                 |                                 |
| Proceeds from issue of shares                                       |      | -                               | -                               |
| Expenses related to issue of shares                                 |      | -                               | -                               |
| Dividend paid   |      | -                               | -                               |
| Borrowings  |      | -                               | 9,995                           |
| Repayment of borrowings   |      | (13,398)                        | (5)                             |
| Effect of financing – reverse factoring                             |      | (8,105)                         | -                               |
| Effect of financing – factoring                                     |      | (3,618)                         | -                               |
| Payments under finance lease contracts                              |      | (6,606)                         | (4,719)                         |
| Interest and commissions paid                                       |      | (2,309)                         | (1,776)                         |
| <b>Net cash from financing activities</b>                           |      | <b>(34,036)</b>                 | <b>3,495</b>                    |
| <b>Total net cash flows</b>   |      | <b>2,468</b>                    | <b>5,076</b>                    |
| Cash and cash equivalents at beginning of period                    |      | 25,947                          | 21,913                          |
| Effect of exchange rate movements on net cash in foreign currencies |      | (25)                            | (72)                            |
| <b>Cash and cash equivalents at end of period</b>                   |      | <b>28,390</b>                   | <b>26,917</b>                   |

Interim condensed consolidated financial statements of the Auto Partner Group for the period January 1st to March 31st 2020  
(all amounts in PLN thousand)

## 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          |
|--|----------------------|--------------------------------|----------------|---------------------------|---------------------|--------------------------------------|---|----------------|
| <b>Balance as at January 1st 2019</b>            | <b>13,012</b>        | <b>2,103</b>                   | <b>105,407</b> | <b>194,662</b>            | <b>(22)</b>         | <b>315,162</b>                       | <b>-</b>                                  | <b>315,162</b> |
| Net profit for period                            | -                    | -                              | -              | 15,488                    | -                   | 15,488                               | -   | 15,488         |
| Other comprehensive income for period, net       | -                    | -                              | -              | -                         | 4                   | 4                                    | -   | 4              |
| <b>Total comprehensive income</b>                |                      |                                |                | <b>15,488</b>             | <b>4</b>            | <b>15,492</b>                        | <b>-</b>                                  | <b>15,492</b>  |
| Dividend paid                                    | -                    | -                              | -              | -                         | -                   | -                                    | -   | -              |
| Issue of ordinary shares                         | -                    | -                              | -              | -                         | -                   | -                                    | -   | -              |
| Equity from issue of warrants                    | -                    | -                              | -              | -                         | -                   | -                                    | -   | -              |
| <b>Balance as at March 31st 2019 (unaudited)</b> | <b>13,012</b>        | <b>2,103</b>                   | <b>105,407</b> | <b>210,150</b>            | <b>(18)</b>         | <b>330,654</b>                       | <b>-</b>                                  | <b>330,654</b> |
| <b>Balance as at January 1st 2020</b>            | <b>13,062</b>        | <b>2,103</b>                   | <b>106,299</b> | <b>250,773</b>            | <b>(40)</b>         | <b>372,197</b>                       | <b>-</b>                                  | <b>372,197</b> |
| Net profit for period                            | -                    | -                              | -              | 12,678                    | -                   | 12,678                               | -   | 12,678         |
| Other comprehensive income for period, net       | -                    | -                              | -              | -                         | 59                  | 59                                   | -   | 59             |
| <b>Total comprehensive income</b>                |                      |                                |                | <b>12,678</b>             | <b>19</b>           | <b>12,737</b>                        | <b>-</b>                                  | <b>12,737</b>  |
| Dividend paid                                    | -                    | -                              | -              | -                         | -                   | -                                    | -   | -              |
| Issue of ordinary shares                         | -                    | -                              | -              | -                         | -                   | -                                    | -   | -              |
| Equity from issue of warrants                    | -                    | -                              | -              | -                         | -                   | -                                    | -   | -              |
| <b>Balance as at March 31st 2020 (unaudited)</b> | <b>13,062</b>        | <b>2,103</b>                   | <b>106,299</b> | <b>263,451</b>            | <b>19</b>           | <b>384,934</b>                       | <b>-</b>                                  | <b>384,934</b> |

## Notes

### 1. General information

#### **The Parent**

Auto Partner S.A. with registered office at ul. Ekonomiczna 20, 43-150 Bieruń, Poland.

The Company 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,

Zygmunt Grajkowski – Deputy Chairperson of the Supervisory Board,

Bogumił Woźny – 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 March 31st 2020 is presented below.

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

### **The Group**

As at the reporting date, the Auto Partner 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 10.

All the companies comprising the Group have been established for indefinite time. The 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 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 accounting policies**

### **2.1. Basis of accounting**

These unaudited interim consolidated financial statements ("financial statements") of the Group for the period January 1st 2020 to March 31st 2020 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 March 31st 2020. The accounting policies applied in the preparation of these 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 2019. 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 2019 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.

### **2.2. Amendments to standards and interpretations in 2020**

No new standards and interpretations have been published since the date of issue of the full-year consolidated financial statements for the year ended December 31st 2019.



### 2.3. 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.

### 2.4. Seasonality

The sale of spare parts and accessories, which constitutes the principal business 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 liabilities in the second and third quarters.

### 2.5. 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:

| <b>NBP mid-rate quoted for:</b> | <b>March 31st 2020</b> | <b>December 31st 2019</b> |
|---------------------------------|------------------------|---------------------------|
| EUR                             | 4.5523                 | 4.2585                    |
| CZK                             | 0.1665                 | 0.1676                    |
| RON                             | 0.9429                 | 0.8901                    |

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:

| <b>Average NBP mid-rate for reporting period</b> | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| EUR  | 4.3963      | 4.2978      |
| CZK  | 0.1691      | 0.1670      |
| RON  | 0.9147      | 0.9053      |

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

## 3. 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<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| <i>Revenue recognised as:</i>                         |                                 |                                 |
| <b>Revenue from sale of merchandise</b>               | <b>370,491</b>                  | <b>326,302</b>                  |
| including:  |                                 |                                 |
| <i>Sales of merchandise – Poland</i>                  | 217,169                         | 203,824                         |
| <i>Sales of merchandise – EU</i>                      | 150,799                         | 117,009                         |
| <i>Sales of merchandise – other exports</i>           | 2,523                           | 5,469                           |
| <i>Revenue recognised on a time proportion basis:</i> |                                 |                                 |
| <b>Revenue from rendering of services</b>             | <b>612</b>                      | <b>379</b>                      |
| including:  |                                 |                                 |
| <i>Rendering of services – Poland</i>                 | 420                             | 229                             |
| <i>Rendering of services – EU</i>                     | 192                             | 150                             |
| <i>Rendering of services – other exports</i>          | -                               | -                               |
| <b>Total revenue</b>                                  | <b>371,103</b>                  | <b>326,681</b>                  |

#### 4. Costs by nature of expense

|   | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| Depreciation and amortisation             | (5,655)                         | (4,176)                         |
| Raw materials and consumables used        | (3,680)                         | (3,163)                         |
| Services                                  | (38,802)                        | (31,816)                        |
| Taxes and charges                         | (841)                           | (730)                           |
| Employee benefits expense                 | (26,739)                        | (23,549)                        |
| Other costs by nature of expense          | (2,165)                         | (2,404)                         |
| Merchandise and materials sold            | (273,807)                       | (239,806)                       |
| <b>Total costs by nature of expense</b>   | <b>(351,689)</b>                | <b>(305,644)</b>                |
| Cost of sales                             | (273,807)                       | (239,830)                       |
| Distribution costs and marketing expenses | (44,787)                        | (37,057)                        |
| Storage (logistics) costs                 | (26,657)                        | (23,104)                        |
| Administrative expenses                   | (6,438)                         | (5,653)                         |
| <b>Total costs by function of expense</b> | <b>(351,689)</b>                | <b>(305,644)</b>                |

#### 5. Other gains (losses), net

|  | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|--|---------------------------------|---------------------------------|
| Foreign exchange gains or losses on operating activities – measurement | (961)                           | 240                             |
| Foreign exchange gains or losses on operating activities – realised    | 858                             | (40)                            |
| Impairment losses on receivables recognised and reversed               | (343)                           | 130                             |
| Other  | 105                             | 38                              |
| <b>Total other gains (losses), net</b>                                 | <b>(341)</b>                    | <b>368</b>                      |

## 6. Finance income

|  | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|--|---------------------------------|---------------------------------|
| Gains on realised currency forward contracts measured at fair value through profit or loss                     | -                               | -                               |
| Gains on measurement of currency forwards assets and liabilities measured at fair value through profit or loss | 346                             | -                               |
| Foreign exchange gains on financing activities – measurement   | -                               | -                               |
| Foreign exchange gains on financing activities – realised  | 15                              |                                 |
| Interest on trade receivables  | 18                              | 23                              |
| Other finance income   | 11                              | 7                               |
| <b>Total finance income</b>  | <b>390</b>                      | <b>30</b>                       |

## 7. Finance costs

|   | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| <b>Interest expense:</b>  |                                 |                                 |
| Interest on term and overdraft facilities   | (915)                           | (903)                           |
| Interest on non-bank borrowings from related entities   | (334)                           | (334)                           |
| Interest on lease liabilities   | (911)                           | (725)                           |
| Interest on factoring liabilities   | (78)                            | -                               |
| Other interest expense  | (2)                             | (5)                             |
|   | <b>(2,240)</b>                  | <b>(1,967)</b>                  |
| <b>Other finance costs:</b>   |                                 |                                 |
| Losses on realised currency forward contracts measured at fair value through profit or loss                     | -                               | -                               |
| Losses on measurement of currency forwards assets and liabilities measured at fair value through profit or loss | -                               | -                               |
| Foreign exchange losses on financing activities – measurement   | (1,097)                         | (6)                             |
| Foreign exchange losses on financing activities – realised  | (10)                            | -                               |
| Credit commissions and fees   | (279)                           | (186)                           |
| Factoring commissions and fees  | (55)                            | (10)                            |
| Other finance costs   | (14)                            | (13)                            |
|   | <b>(1,455)</b>                  | <b>(215)</b>                    |
| <b>Total finance costs</b>  | <b>(3,695)</b>                  | <b>(2,182)</b>                  |

## 8. Property, plant and equipment

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| -   |                          |                             |
| Land  | -                        | -                           |
| Buildings and structures                                      | 46,507                   | 48,889                      |
| Machinery and equipment                                       | 30,155                   | 30,819                      |
| Vehicles  | 11,105                   | 11,515                      |
| Other   | 33,936                   | 33,687                      |
| Property, plant and equipment under construction              | 9,246                    | 1,043                       |
| <b>Total carrying amount of property, plant and equipment</b> | <b>130,949</b>           | <b>125,953</b>              |

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

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| -   |                          |                             |
| Buildings and structures  | 44,529                   | 46,852                      |
| Machinery and equipment   | 17,764                   | 21,028                      |
| Vehicles  | 7,450                    | 8,833                       |
| Other   | 19,399                   | 24,572                      |
| Property, plant and equipment under construction (i)  | 8,700                    | 679                         |
| <b>Total carrying amount of property, plant and equipment under right-of-use arrangements</b> | <b>97,842</b>            | <b>101,964</b>              |

|  | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|--|---------------------------------|---------------------------------|
| -  |                                 |                                 |
| Buildings and structures   | 9,634                           | 1,851                           |
| Machinery and equipment  | 1,901                           | 526                             |
| Vehicles   | 1,134                           | 278                             |
| Other  | 810                             | 185                             |
| <b>Total depreciation of property, plant and equipment under right-of-use arrangements</b> | <b>13,479</b>                   | <b>2,840</b>                    |

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

As at March 31st 2020, the net carrying amount of property, plant and equipment financed with a non-bank borrowing (Note 15) was PLN 74 thousand (December 31st 2019: PLN 83 thousand); the borrowing was secured with the lender's rights to the assets.

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

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(all amounts in PLN thousand)

| Movements in property, plant and equipment                                 | Land | Buildings and structures | Machinery and equipment | Vehicles | Other property, plant and equipment | Property, plant and equipment under construction | Total   |
|--|------|--------------------------|-------------------------|----------|-------------------------------------|--|---------|
| <b>Gross carrying amount as at January 1st 2019</b>                        | -    | 2,690                    | 30,267                  | 15,749   | 29,079                              | 7,281  | 85,066  |
| <b>Increase</b>  |      |                          |                         |          |                                     |  |         |
| Purchase   | -    | 62                       | 872                     | 290      | 414                                 | 555  | 2,193   |
| Accounting for property, plant and equipment under construction – purchase | -    | 23                       | 352                     | -        | 18                                  | (393)  | -       |
| Leases   | -    | 9,277                    | 68                      | 623      | 546                                 | 3,390  | 13,904  |
| Leases – implementation of IFRS 16 – opening balance                       | -    | 37,656                   | -                       | -        | -                                   | -  | 37,656  |
| Accounting for property, plant and equipment under construction – leases   | -    | -                        | -                       | -        | 6,453                               | (6,453)  | -       |
| Other  | -    | -                        | -                       | -        | 4                                   | 7  | 11      |
| <b>Decrease</b>  |      |                          |                         |          |                                     |  |         |
| Disposal   | -    | -                        | -                       | (102)    | -                                   | -  | (102)   |
| Liquidation  | -    | -                        | (175)                   | -        | -                                   | -  | (175)   |
| Other  | -    | -                        | -                       | -        | -                                   | -  | -       |
| <b>Gross carrying amount as at March 31st 2019</b>                         | -    | 49,708                   | 31,384                  | 16,560   | 36,514                              | 4,387  | 138,553 |
| <b>Gross carrying amount as at January 1st 2020</b>                        | -    | 59,993                   | 45,778                  | 18,498   | 42,543                              | 1,043  | 167,855 |
| <b>Increase</b>  |      |                          |                         |          |                                     |  |         |
| Purchase   | -    | 23                       | 193                     | -        | 308                                 | 172  | 696     |
| Accounting for property, plant and equipment under construction – purchase | -    | -                        | -                       | -        | -                                   | -  | -       |
| Leases   | -    | 549                      | 248                     | 80       | -                                   | 8,700  | 9,577   |
| Accounting for property, plant and equipment under construction – leases   | -    | -                        | 138                     | -        | 541                                 | (679)  | -       |
| Other  | -    | -                        | -                       | -        | -                                   | 10   | 10      |
| <b>Decrease</b>  |      |                          |                         |          |                                     |  |         |
| Disposal   | -    | -                        | -                       | (73)     | -                                   | -  | (73)    |
| Liquidation  | -    | -                        | (2)                     | -        | -                                   | -  | (2)     |
| Other  | -    | -                        | (2)                     | -        | -                                   | -  | (2)     |
| <b>Gross carrying amount as at March 31st 2020</b>                         | -    | 60,565                   | 46,353                  | 18,505   | 43,392                              | 9,246  | 178,061 |
| <b>Accumulated depreciation as at January 1st 2019</b>                     | -    | 1,090                    | 11,458                  | 5,609    | 6,819                               | -  | 24,976  |
| Depreciation for period  | -    | 1,917                    | 913                     | 428      | 411                                 | -  | 3,669   |
| Disposal   | -    | -                        | -                       | (70)     | -                                   | -  | (70)    |
| Liquidation  | -    | -                        | (168)                   | -        | -                                   | -  | (168)   |
| Other  | -    | -                        | -                       | -        | -                                   | -  | -       |
| <b>Accumulated depreciation as at March 31st 2019</b>                      | -    | 3,007                    | 12,203                  | 5,967    | 7,230                               | -  | 28,407  |

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|  |   |               |               |               |               |              |                |
|--|---|---------------|---------------|---------------|---------------|--------------|----------------|
| <b>Accumulated depreciation as at January 1st 2020</b> | - | <b>11,104</b> | <b>14,959</b> | <b>6,983</b>  | <b>8,856</b>  | -            | <b>41,902</b>  |
| Depreciation in period                                 | - | 2,954         | 1,241         | 475           | 600           | -            | <b>5,270</b>   |
| Disposal   | - | -             | -             | (55)          | -             | -            | <b>(55)</b>    |
| Liquidation  | - | -             | (2)           | -             | -             | -            | <b>(2)</b>     |
| Other  | - | -             | -             | (3)           | -             | -            | <b>(3)</b>     |
| <b>Accumulated depreciation as at March 31st 2020</b>  | - | <b>14,058</b> | <b>16,198</b> | <b>7,400</b>  | <b>9,456</b>  | -            | <b>47,112</b>  |
| <b>Net carrying amount as at March 31st 2019</b>       | - | <b>46,701</b> | <b>19,181</b> | <b>10,593</b> | <b>29,284</b> | <b>4,387</b> | <b>110,146</b> |
| <b>Net carrying amount as at March 31st 2020</b>       | - | <b>46,507</b> | <b>30,155</b> | <b>11,105</b> | <b>33,936</b> | <b>9,246</b> | <b>130,949</b> |

## 9. Intangible assets

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| Software  | 6,027                    | 4,656                       |
| Other intangible assets                           | -                        | -                           |
| Intangible assets under development               | 2,257                    | 3,241                       |
| <b>Total carrying amount of intangible assets</b> | <b>8,284</b>             | <b>7,897</b>                |

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

|  | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--|--------------------------|-----------------------------|
| Software   | 344                      | 368                         |
| Other intangible assets  | -                        | -                           |
| Intangible assets under development                            | -                        | -                           |
| <b>Total carrying amount of right-of-use intangible assets</b> | <b>344</b>               | <b>368</b>                  |

|   | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| Software  | 23                              | 19                              |
| Other intangible assets                                     | -                               | -                               |
| <b>Total amortisation of right-of-use intangible assets</b> | <b>23</b>                       | <b>19</b>                       |

| Movements in intangible assets                                | Software      | Other<br>intangible<br>assets | Intangible<br>assets under<br>development | Total         |
|---|---------------|-------------------------------|---|---------------|
| <b>Gross carrying amount as at January 1st 2019</b>           | <b>14,483</b> | <b>336</b>                    | <b>458</b>                                | <b>15,277</b> |
| <b>Increase</b>   |               |                               |   |               |
| Purchase  | 24            | -                             | 99  | 123           |
| Accounting for intangible assets under development – purchase | 166           | -                             | (166)                                     | -             |
| Leases  | -             | -                             | -   | -             |
| Accounting for intangible assets under development – leases   | -             | -                             | 60  | 60            |
| <b>Decrease</b>   |               |                               |   |               |
| Disposal  | -             | -                             | -   | -             |
| Liquidation   | -             | -                             | -   | -             |
| Other   | -             | -                             | -   | -             |
| <b>Gross carrying amount as at March 31st 2019</b>            | <b>14,673</b> | <b>336</b>                    | <b>451</b>                                | <b>15,460</b> |

Interim condensed consolidated financial statements of the Auto Partner Group for the period January 1st to March 31st 2020  
(all amounts in PLN thousand)

|   |               |            |              |               |
|---|---------------|------------|--------------|---------------|
| <b>Gross carrying amount as at January 1st 2020</b>           | <b>16,194</b> | <b>336</b> | <b>3,241</b> | <b>19,771</b> |
| <b>Increase</b>   |               |            |              |               |
| Purchase  | 78            | -          | 694          | 772           |
| Accounting for intangible assets under development – purchase | 1,678         | -          | (1,678)      | -             |
| Leases  | -             | -          | -            | -             |
| Accounting for intangible assets under development – leases   | -             | -          | -            | -             |
| Other   | -             | -          | -            | -             |
| <b>Decrease</b>   |               |            |              |               |
| Disposal  | -             | -          | -            | -             |
| Liquidation   | -             | -          | -            | -             |
| Other   | -             | -          | -            | -             |
| <b>Gross carrying amount as at March 31st 2020</b>            | <b>17,950</b> | <b>336</b> | <b>2,257</b> | <b>20,543</b> |
| <b>Accumulated amortisation as at January 1st 2019</b>        | <b>9,433</b>  | <b>336</b> | <b>-</b>     | <b>9,769</b>  |
| Amortisation in period  | 507           | -          | -            | 507           |
| Disposal  | -             | -          | -            | -             |
| Liquidation   | -             | -          | -            | -             |
| Other   | -             | -          | -            | -             |
| <b>Accumulated amortisation as at March 31st 2019</b>         | <b>9,940</b>  | <b>336</b> | <b>-</b>     | <b>10,276</b> |
| <b>Accumulated amortisation as at January 1st 2020</b>        | <b>11,538</b> | <b>336</b> | <b>-</b>     | <b>11,874</b> |
| Amortisation in period  | 385           | -          | -            | 385           |
| Disposal  | -             | -          | -            | -             |
| Liquidation   | -             | -          | -            | -             |
| Other   | -             | -          | -            | -             |
| <b>Accumulated amortisation as at March 31st 2020</b>         | <b>11,923</b> | <b>336</b> | <b>-</b>     | <b>12,259</b> |
| <b>Net carrying amount as at March 31st 2019</b>              | <b>4,733</b>  | <b>-</b>   | <b>451</b>   | <b>5,184</b>  |
| <b>Net carrying amount as at March 31st 2020</b>              | <b>6,027</b>  | <b>-</b>   | <b>2,257</b> | <b>8,284</b>  |

## 10. 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 March 31st 2020 | As at December 31st 2019 |
| <b>fully consolidated</b>          |  |                        |                       |                          |
| 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 | Timisoara, Romania     | 100%                  | 100%                     |



## Investments in other entities

|                                  | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|----------------------------------|--------------------------|-----------------------------|
| Shares in other entities         | 110                      | 110                         |
| Impairment losses on investments | -                        | -                           |
| <b>Total</b>                     | <b>110</b>               | <b>110</b>                  |

## 11. Other financial assets

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| <b>Financial assets measured at fair value through profit or loss</b> |                          |                             |
| Currency futures  | 346                      | -                           |
| <b>Total</b>  | <b>346</b>               | <b>-</b>                    |
| <b>Loans measured at amortised cost</b>                               |                          |                             |
| Loans to related entities   | -                        | -                           |
| Loans to other entities   | 43                       | 67                          |
| <b>Total</b>  | <b>43</b>                | <b>67</b>                   |
| <b>Total</b>  | <b>389</b>               | <b>67</b>                   |
| including   |                          |                             |
| Long-term   | 36                       | 37                          |
| Short-term  | 353                      | 30                          |
| <b>Total</b>  | <b>389</b>               | <b>67</b>                   |

## 12. Inventories and right-of-return assets

### 12.1 Inventories

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

|              | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--------------|--------------------------|-----------------------------|
| Merchandise  | 470,620                  | 469,459                     |
| Write-downs  | (9,208)                  | (8,875)                     |
| <b>Total</b> | <b>461,412</b>           | <b>460,584</b>              |

### Inventories pledged as security

The Group established a registered pledge over inventories as security for bank borrowings; for details, see Note 15. The amount of liabilities secured with pledge over inventories is presented below.

|  | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--|--------------------------|-----------------------------|
| -  |                          |                             |
| Liabilities secured with pledge on inventories (Note 15)   | 133,054                  | 145,792                     |
| Liabilities secured with pledge on inventories (Note 19.1) | 6,672                    | 14,370                      |
| <b>Total</b>   | <b>139,726</b>           | <b>160,162</b>              |

Under purchase contracts 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.

#### Change in inventory write-downs

|                                 | <b>Period ended<br/>March 31st 2020</b> | <b>Period ended<br/>March 31st 2019</b> |
|---------------------------------|---|---|
| Balance at beginning of period  | 8,875                                   | 9,803                                   |
| Decrease                        | (391)                                   | (7)                                     |
| Increase                        | 724                                     | 866                                     |
| <b>Balance at end of period</b> | <b>9,208</b>                            | <b>10,662</b>                           |

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.

#### Recognised inventory cost

|  | <b>Period ended<br/>March 31st 2020</b> | <b>Period ended<br/>March 31st 2019</b> |
|--|---|---|
| Cost of sales                          | (273,807)                               | (239,806)                               |
| Storage (logistics) costs              | -                                       | -                                       |
| Distribution costs                     | (913)                                   | (1,265)                                 |
| Administrative expenses                | -                                       | -                                       |
| <b>Total inventory cost recognised</b> | <b>(274,720)</b>                        | <b>(241,071)</b>                        |

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

### *12.2 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.

|                        | <b>As at<br/>March 31st 2020</b> | <b>As at<br/>December 31st 2019</b> |
|------------------------|----------------------------------|-------------------------------------|
| Right-of-return assets | 8,217                            | 7,528                               |

### 13. Trade and other receivables

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| Trade receivables payable up to 12 months   | 85,009                   | 79,797                      |
| Trade receivables payable over 12 months  | 986                      | 1,202                       |
| Impairment losses on trade receivables  | (5,201)                  | (5,079)                     |
| <b>Total trade receivables</b>  | <b>80,794</b>            | <b>75,920</b>               |
| Expected income from participation in Global One purchasing group (i)               | 12,758                   | 10,138                      |
| Write-down of expected income from participation in the Global One purchasing group | (382)                    | (304)                       |
| Finance lease receivables   | 22                       | 24                          |
| Receivables from card system operators  | 1,558                    | 1,420                       |
| Rent deposits receivable (ii)   | 1,536                    | 1,576                       |
| Other financial receivables   | 1,480                    | 692                         |
| Impairment losses on other financial receivables                                    | (583)                    | (552)                       |
| <b>Total trade and other financial receivables</b>                                  | <b>97,183</b>            | <b>88,914</b>               |
| Prepaid deliveries  | 4,923                    | 3,590                       |
| Receivables on sale of property, plant and equipment                                | -                        | 8                           |
| Prepayments and accrued income  | 2,907                    | 2,340                       |
| VAT to be settled in subsequent periods   | 18,739                   | 8,187                       |
| Other non-financial receivables   | -                        | 251                         |
| <b>Total non-financial receivables</b>  | <b>26,569</b>            | <b>14,376</b>               |
| <b>Total trade and other receivables</b>  | <b>123,752</b>           | <b>103,290</b>              |
| Other long-term receivables   | 1,838                    | 1,896                       |
| Trade and other receivables   | 121,914                  | 101,394                     |
| <b>Total trade and other receivables</b>  | <b>123,752</b>           | <b>103,290</b>              |

(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 write-down 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. When determining 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.

The amount of credit loss allowance by the past due date groups of receivables is presented below.

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| not past due  | 145                      | 130                         |
| past due 1-30 days                                  | 27                       | 57                          |
| past due 31-90 days                                 | 151                      | 130                         |
| past due 91-120 days                                | 111                      | 84                          |
| past due 121-180 days                               | 148                      | 108                         |
| past due 181-360 days                               | 389                      | 1,385                       |
| over 360 days                                       | 4,230                    | 3,185                       |
| <b>Total impairment losses on trade receivables</b> | <b>5,201</b>             | <b>5,079</b>                |

The change in the amount of the credit loss allowances for other receivables is presented below.

|                                 | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---------------------------------|---------------------------------|---------------------------------|
| Balance at beginning of period  | 552                             | 621                             |
| Increase                        | 31                              | 28                              |
| Decrease                        | -                               | -                               |
| <b>Balance at end of period</b> | <b>583</b>                      | <b>649</b>                      |

#### Trade and other receivables pledged as security

Trade receivables are pledged as security for credit facilities; for details, see Note 15. The amount of receivables pledged as security in individual periods is presented below.

|                                 | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---------------------------------|--------------------------|-----------------------------|
| Receivables pledged as security | 90,038                   | 73,892                      |

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

#### Finance lease receivables where the Group acts as the financing party

|  | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--|--------------------------|-----------------------------|
| Three-year lease contract of April 12th 2018 with a natural person, leased asset: passenger car, principal component: PLN 39 thousand, interest component: PLN 2 thousand. The contract is secured with the right to the leased asset. | 22                       | 24                          |
| <b>Total</b>   | <b>22</b>                | <b>24</b>                   |
| Short-term finance lease receivables   | 9                        | 8                           |
| Long-term finance lease receivables  | 13                       | 16                          |
| <b>Total</b>   | <b>22</b>                | <b>24</b>                   |

The lease receivables are not past due and there is no risk of their impairment.

## 14. Share capital

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

|                                    | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|------------------------------------|--------------------------|-----------------------------|
| <b>Fully paid-up share capital</b> | <b>13,062</b>            | <b>13,062</b>               |
| 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                      |
| <b>Total (thousands of shares)</b> | <b>130,620</b>           | <b>130,620</b>              |
| Par value per share, PLN           | 0.10                     | 0.10                        |
| <b>Total par value</b>             | <b>13,062</b>            | <b>13,062</b>               |

Acting pursuant to Resolution No. 2 of the Extraordinary General Meeting of Auto Partner Spółka Akcyjna of March 17th 2016 on the issue of Series B subscription warrants with pre-emptive rights waived, conditional increase of the Company's share capital with pre-emptive rights waived, launch of an incentive scheme, amendments to the Company's Articles of Association (the "Resolution") and the Rules of the Incentive Scheme of Auto Partner S.A. (the "Rules") adopted by the Supervisory Board on March 20th 2016 by Resolution No. 1, and based on the data contained in the audited full-year consolidated financial statements of the Auto Partner Group for the financial year 2018 issued on April 4th 2019, at its meeting on April 9th 2019, the Supervisory Board set the total number of subscription warrants at 495,000 and offered them to Eligible Persons as part of the Fixed Tranche and the Variable Tranche for the third Reference Period, i.e. January 1st – December 31st 2018 in the following manner: Andrzej Manowski (Vice President of the Management Board) – 190,000 (one hundred and ninety thousand) Series B subscription warrants; Piotr Janta (Vice President of the Management Board) – 190,000 (one hundred and ninety thousand) Series B subscription warrants; Michał Breguła (Member of the Management Board) – 5,000 (five thousand) Series B subscription warrants; Grzegorz Pal (Procurement Director) – 82,500 (eighty-two thousand five hundred) Series B subscription warrants; Arkadiusz Cieplak (Sales Director) – 27,500 (twenty seven thousand five hundred) Series B subscription warrants. Under the Scheme, Series B subscription warrants carry the right to acquire Series I shares in the Company at the issue price of PLN 1.98 (one złoty ninety-eight grosz) per share. The third Reference Period is the last period of the 2016–2018 Incentive Scheme (the final accounting for the Scheme will take place in 2019). On April 17th 2019, all 495,000 Series B subscription warrants offered by the Company under the 2016-2018 Incentive Scheme were acquired free of charge by Eligible Persons. Also on April 17th 2019 the Eligible Persons, in exercise of their rights under the Series B subscription warrants, acquired a total of 495,000 Series I shares in the Company, at the issue price of PLN 1.98 per share, for a total amount of PLN 980,100 paid in cash. The shares were introduced to trading on the main market of the Warsaw Stock Exchange on July 25th 2019. Pursuant to Art. 451.2 and Art. 452.1 of the Polish Commercial Companies Code, acquisition of rights attached to Series I shares and the related increase in the Company's share capital was effected upon registration of the Series I shares in the securities account, i.e. on July 25th 2019. Therefore, the Company's share capital as at that date was PLN 13,062,000.

On June 4th 2019, the Supervisory Board of the Company, acting at the request of Mr Aleksander Górecki, pursuant to Art. 334.2 of the Commercial Companies Code and Art. 8.3 of the Company's Articles of Association, passed Resolution No. 1/2019 to convert 2,150,000 Series J ordinary registered shares with a par value of PLN 0.10 per share into 2,150,000 Series J ordinary bearer shares with a par value of PLN 0.10 per share. Rights attached to the shares did not change. The shares were and

continue to be non-preferred ordinary shares. The shares were introduced to trading on the main market of the Warsaw Stock Exchange on July 25th 2019.

## 15. Borrowings

|                                      | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--------------------------------------|--------------------------|-----------------------------|
| <b>Unsecured – at amortised cost</b> |                          |                             |
| Borrowings from related entities     | 28,369                   | 28,035                      |
|                                      | <b>28,369</b>            | <b>28,035</b>               |
| <b>Secured – at amortised cost</b>   |                          |                             |
| Overdraft facilities                 | 66,722                   | 82,192                      |
| Bank borrowings                      | 66,332                   | 63,600                      |
| Other borrowings                     | 67                       | 74                          |
|                                      | <b>133,121</b>           | <b>145,866</b>              |
| <b>Total borrowings</b>              | <b>161,490</b>           | <b>173,901</b>              |
| Current liabilities (vi)             | 68,469                   | 83,582                      |
| Non-current liabilities              | 93,021                   | 90,319                      |
| <b>Total borrowings</b>              | <b>161,490</b>           | <b>173,901</b>              |

Credit facility agreements and loan agreements:

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| ING Bank Śląski S.A./working capital facility under multi-product facility agreement/sub-limit facility within multi-product facility limit (i)                   | 42,675                   | 48,873                      |
| 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) | 9,565                    | 6,807                       |
| ING Bank Śląski S.A./working capital facility /sub-limit facility within multi-product facility limit (i)   | 56,767                   | 56,793                      |
| Santander Bank Polska S.A./working capital facility (ii)  | 14,437                   | 18,845                      |
| mBank S.A./working capital facility (iii)   | 9,610                    | 14,474                      |
| Shareholder loan (iv)   | 28,369                   | 28,035                      |
| UniCredit Leasing a.s./facility to finance purchase of property, plant and equipment (v)  | 67                       | 74                          |
| <b>Total</b>  | <b>161,490</b>           | <b>173,901</b>              |

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

On October 19th 2015, the parent and ING Bank Śląski signed multi-product 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 undertakes to pay all liabilities arising from the agreement. As at March 31st 2020, the credit limit was PLN

127,785,000.00 with repayment due on October 16th 2021. The subsidiary has access to a PLN 10m sublimit as part of the credit facility. As at March 31st 2020, the subsidiary had drawn PLN 4,383 thousand under the limit. The facility is secured with: registered pledge over the inventory of merchandise owned by the Company and assignment of rights under the insurance policy, registered pledge over receivables, power of attorney for the bank with respect to the Company's funds deposited in accounts operated by Santander Bank Polska S.A., declaration on voluntary submission by the Company to enforcement under art. 777.1.4 of the Code of Civil Procedure, i.e. the obligation to release the object of security (inventory of merchandise), declaration on voluntary submission by the Company to enforcement under art. 777.1.5 of the Code of Civil Procedure, i.e. the obligation to pay an amount of up to PLN 194,970 thousand, declaration on voluntary submission by Maxgear Sp. z o.o Sp.kom., a subsidiary, to enforcement under art. 777.1.5 of the Code of Civil Procedure, i.e. the obligation to pay an amount of up to PLN 194,970 thousand, subordination of the loan provided by Ms Katarzyna Górecka and Aleksander Górecki, totalling at least PLN 26,700,000.00, to claims under the agreement.

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

On September 26th 2016, the Company and Bank Zachodni WBK S.A. signed a multi-facility agreement No. K00922/16, as amended. As at March 31st 2020, the amount of the multi-facility was PLN 30,000,000.00, 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 value of at least PLN 35m, provided that by May 31st 2020 the Company will increase the value of the pledged assets to PLN 40m; assignment of receivables to the lender under insurance of the pledged assets; subordination of the loan provided by Ms Katarzyna Górecka and Aleksander Górecki, totalling at least PLN 26,000,000.00, to claims under the agreement, registered pledge over receivables with a minimum amount of PLN 7m, to be created by May 31st 2020.

(iii) Credit facility agreement – 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. As at March 31st 2020, the amount of the facility was PLN 25,000,000.00, repayable by September 29th 2022. The facility is secured with: registered pledge over inventories of merchandise, with a value of PLN 37,500 thousand, assignment of rights under insurance contracts for the pledged inventories, declaration on voluntary submission by the Company to enforcement under art. 777.1.5 of the Code of Civil Procedure, up to the amount of PLN 37,500 thousand, subordination of the loan provided by Ms Katarzyna Górecka and Aleksander Górecki, totalling at least PLN 26,000,000.00, to claims under the agreement.

(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. As at March 31st 2020, the outstanding principal amount was PLN 26,700,000.00. The carrying amount of the borrowing includes accrued but not paid interest due for 2019 of PLN 1,335,000.00.

(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 agreements with UniCredit Leasing a.s. No. 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 agreed facility term.

## 16. Provisions

|  | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--|--------------------------|-----------------------------|
| Provisions for warranty repairs (i)              | 382                      | 382                         |
| Provision for Management Board remuneration (ii) | 2,641                    | 2,554                       |
| Other provisions                                 | 541                      | 176                         |
|  | <u>3,564</u>             | <u>3,112</u>                |
| Short-term provisions                            | 2,737                    | 2,346                       |
| Long-term provisions                             | 827                      | 766                         |
| <b>Total</b>                                     | <u><b>3,564</b></u>      | <u><b>3,112</b></u>         |

(i) In accordance with the applicable laws, the Group provides consumer warranty for the goods sold. Under the warranty, the Group must replace defective goods with non-defective ones or return cash. The Management Board of the Group estimated future warranty costs and recognised appropriate provisions.

(ii) On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for members of the Auto Partner S.A. Management Board. 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 put in place a system 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 whole term of the Scheme, i.e. from 2019 to 2021.

On May 30th 2019, the General Meeting of Maxgear Sp. z o.o. approved the Rules of the Incentive Scheme for members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak, with the terms corresponding to the terms of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board. The bonuses to be paid under the Rules to the members of the Maxgear Sp. z o.o. Management Board will not exceed PLN 2,640,000.00 during the whole term of the Scheme, i.e. from 2019 to 2021.



## 17. Trade and other payables

### 17.1 Trade payables and other liabilities

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| Trade payables due in up to 12 months   | 90,980                   | 51,067                      |
| Trade payables due in over 12 months  | -                        | -                           |
| Taxes, customs duties, social security and other benefits payable                           | 10,016                   | 9,341                       |
| Liabilities arising from acquisition of property, plant and equipment and intangible assets | 501                      | 257                         |
| Salaries and wages payable  | 4,996                    | 5,017                       |
| Other liabilities   | 732                      | 79                          |
|   | <b>107,225</b>           | <b>65,761</b>               |
| Current liabilities   | 107,225                  | 65,761                      |
| Non-current liabilities   | -                        | -                           |
| <b>Total</b>  | <b>107,225</b>           | <b>65,761</b>               |

The average payment period is 60 days. The Group operates a financial risk management policy that ensures timely payment of liabilities.

### 17.2 Contract and right-of-return liabilities

|                                 | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---------------------------------|--------------------------|-----------------------------|
| Contract liabilities            | 231                      | 354                         |
| Right-of-return liabilities (i) | 10,257                   | 9,424                       |
| <b>Total</b>                    | <b>10,488</b>            | <b>9,778</b>                |

(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. Contractual liabilities arose in connection with contracts with customers.

## 18. Finance liabilities under lease contracts

Finance liabilities under lease contracts relate mainly to property, plant and equipment (rent/lease of property, warehouse equipment, means of transport). For more information, see Note 8.

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| Present value of minimum lease payments |                          |                             |
| Current finance lease liabilities       | 23,646                   | 21,818                      |
| Non-current finance lease liabilities   | 61,867                   | 60,724                      |
| <b>Total</b>                            | <b>85,513</b>            | <b>82,542</b>               |

IFRS 16 provides for exceptions to the lessee's general lease model for short-term leases (contracts under 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<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---------------------------------|---------------------------------|---------------------------------|
| Payments recognised as expenses |                                 |                                 |
| Minimum lease payments (i)      | 2,050                           | 2,261                           |
| Contingent lease payments       | -                               | -                               |
| <b>Total</b>                    | <b>2,050</b>                    | <b>2,261</b>                    |

(i) Including cost of low-value asset leases (2020: PLN 165 thousand; 2019: PLN 174 thousand). The cost was expensed in the period on a straight-line basis.

## 19. Factoring liabilities

### 19.1 Reverse factoring liabilities

On March 29th 2019, the Group entered into a reverse factoring agreement (later amended) with Santander Faktoring Sp. z o.o.. As at March 31st 2020, a reverse factoring limit of PLN 10 million was available under the agreement to finance domestic and foreign supplies of commercial goods. The agreement is valid until March 31st 2020. Security: blank promissory note with a promissory note declaration; declaration on voluntary submission to enforcement of up to PLN 22.5m; registered pledge over inventories of merchandise with a value of not less than PLN 15m; irrevocable power of attorney over bank accounts operated by Santander Bank Polska S.A.

|                                    | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|------------------------------------|--------------------------|-----------------------------|
| <b>Secured – at amortised cost</b> |                          |                             |
| Reverse factoring liabilities      | 6,672                    | 14,370                      |
|                                    | <b>6,672</b>             | <b>14,370</b>               |
| Current liabilities                | 6,672                    | 14,370                      |
| Non-current liabilities            | -                        | -                           |
| <b>Total</b>                       | <b>6,672</b>             | <b>14,370</b>               |

### 19.2 Factoring liabilities

On September 18th 2019, the Group entered into a factoring agreement with Santander Faktoring Sp. z o.o., with a PLN 10 million factoring limit. The agreement is valid until March 31st 2020. Security: blank promissory note with a promissory note declaration; irrevocable power of attorney over bank accounts operated by Santander Bank Polska S.A.; assignment of selected receivables. The agreement is a recourse facility.

On March 6th 2020, the agreement was terminated by the Group.

|                                    | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|------------------------------------|--------------------------|-----------------------------|
| <b>Secured – at amortised cost</b> |                          |                             |
| Factoring liabilities              | -                        | 3,550                       |
|                                    | -                        | <b>3,550</b>                |
| Current liabilities                | -                        | 3,550                       |
| Non-current liabilities            | -                        | -                           |
| <b>Total</b>                       | -                        | <b>3,550</b>                |

## 20. Financial instruments

|  | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--|--------------------------|-----------------------------|
| <b>Financial assets</b>  |                          |                             |
| Measured at fair value through profit or loss:   | 346                      | -                           |
| <i>Held for trading</i>  | 346                      | -                           |
| <i>Classified for measurement at fair value through profit or loss</i>                             | -                        | -                           |
| Measured at amortised cost:  | 125,594                  | 114,904                     |
| <i>Cash</i>  | 28,390                   | 25,947                      |
| <i>Trade and other financial receivables</i>   | 97,161                   | 88,890                      |
| <i>Loans</i>   | 43                       | 67                          |
| Measured at fair value through other comprehensive income  | -                        | -                           |
| Financial receivables excluded from the scope of IFRS 9 – finance lease receivables                | 22                       | 24                          |
| Financial receivables excluded from the scope of IFRS 9 – shares and interests in entities         | 110                      | 110                         |
| <b>Financial liabilities</b>   |                          |                             |
| 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:  | 259,874                  | 243,499                     |
| <i>Trade payables</i>  | 90,980                   | 51,067                      |
| <i>Contract liabilities</i>  | 231                      | 354                         |
| <i>Liabilities arising from acquisition of property, plant and equipment and intangible assets</i> | 501                      | 257                         |
| <i>Borrowings</i>  | 161,490                  | 173,901                     |
| <i>Reverse factoring liabilities</i>   | 6,672                    | 14,370                      |
| <i>Factoring liabilities</i>   | -                        | 3,550                       |
| Financial liabilities excluded from the scope of IFRS 9 – finance lease liabilities                | 85,513                   | 82,542                      |

## Fair value

The Group designated 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 entered into currency forwards.

|  | Period ended<br>March 31st 2020 | Period ended<br>December 31st 2019 |
|--|---------------------------------|------------------------------------|
| Fair value of currency forward contracts |                                 |                                    |
| Assets                                   | 346                             | -                                  |
| Liabilities                              | -                               | -                                  |

The fair value of the currency forwards is determined based on discounted future cash flows from concluded transactions calculated on the basis of the difference between the forward price and the transaction price. Future cash flows are measured at the end of the reporting period based on valuations prepared by the banks. The valuations are Level 2 inputs in the valuation hierarchy. There were no transfers between the hierarchy levels in the reporting period.

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

## 21. Related-party transactions

Transactions between the parent and its related parties were eliminated on consolidation and are not presented in this note. Transactions between the Group and other related parties are 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<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| <b>Sales of goods and services and other income</b>                           |                                 |                                 |
| entities related to members of the Management Board and the Supervisory Board | 13                              | 18                              |
| <i>including:</i>   |                                 |                                 |
| <i>sales of goods</i>   | 11                              | 18                              |
| <i>recharge of costs</i>  | 2                               |                                 |
| members of management boards of subsidiaries                                  | 2                               | 2                               |
| <i>including:</i>   |                                 |                                 |
| <i>sales of goods</i>   |                                 |                                 |
| <i>recharge of costs</i>  | 2                               | 2                               |
| <b>Total</b>  | <b>15</b>                       | <b>20</b>                       |

|   | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| <b>Purchase of goods and services and other purchases</b>                     |                                 |                                 |
| entities related to members of the Management Board and the Supervisory Board | 274                             | 294                             |
| <i>including:</i>   |                                 |                                 |
| <i>purchase of services</i>   | 274                             | 294                             |
| members of management boards of subsidiaries                                  | 58                              | 120                             |
| <i>including:</i>   |                                 |                                 |
| <i>purchase of services</i>   | 58                              | 120                             |
| <b>Total</b>  | <b>332</b>                      | <b>414</b>                      |

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| <b>Receivables</b>  |                          |                             |
| entities related to members of the Management Board and the Supervisory Board | 13                       | 8                           |
| members of management boards of subsidiaries                                  | 1                        | 1                           |
| <b>Total</b>  | <b>14</b>                | <b>9</b>                    |

|   | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|---|--------------------------|-----------------------------|
| <b>Liabilities</b>  |                          |                             |
| entities related to members of the Management Board and the Supervisory Board | 66                       | 78                          |
| members of management boards of subsidiaries                                  | 17                       | 19                          |
| <b>Total</b>  | <b>83</b>                | <b>97</b>                   |

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

|   | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|---|---------------------------------|---------------------------------|
| <b>Sales of goods and services and other income</b> |                                 |                                 |
| Management Board members                            | 9                               | 8                               |
| <i>including:</i>                                   |                                 |                                 |
| <i>recharge of costs</i>                            | 9                               | 8                               |
| Supervisory Board                                   | -                               | -                               |
| <i>including:</i>                                   |                                 |                                 |
| <i>sales of goods</i>                               |                                 |                                 |
| <i>recharge of costs</i>                            |                                 | -                               |
| <b>Total</b>  | <b>9</b>                        | <b>8</b>                        |

|                          | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|--------------------------|--------------------------|-----------------------------|
| <b>Receivables</b>       |                          |                             |
| Management Board members | 40                       | 6                           |
| Supervisory Board        | -                        | -                           |
| <b>Total</b>             | <b>40</b>                | <b>6</b>                    |

|  | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|--|---------------------------------|---------------------------------|
| <b>Remuneration</b>  |                                 |                                 |
| Management Board members   | 2,843                           | 594                             |
| <i>including accrued provision for remuneration under the Incentive Programme (i), Note 16</i> | 2,641                           | 447                             |
| Supervisory Board  | 15                              | 20                              |
| <b>Total</b>   | <b>2,858</b>                    | <b>614</b>                      |

(i) Incentive Scheme for 2019–2021. On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for members of the Auto Partner S.A. Management Board. 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 put in place a system 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. On May 30th 2019, the General Meeting of Maxgear Sp. z o.o. approved the Rules of the Incentive Scheme for members of the Management Board of Maxgear Sp. z o.o.: Grzegorz Pal and Arkadiusz Cieplak, with the terms corresponding to the terms of the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board. The bonuses to be paid under the Rules to the members of the Maxgear Sp. z o.o. Management Board will not exceed PLN 2,640,000.00 during the whole term of the Scheme, i.e. from 2019 to 2021. The Supervisory Board of Auto Partner S.A. and the General Meeting of Maxgear Sp. z o.o. defined further details of the Incentive Scheme Rules for members of the Management Boards of Auto Partner S.A. and Maxgear Sp. z o.o. by deciding that the bonuses to be paid to the eligible members of the Management Boards would be 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 depreciation 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.

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

|                            | As at<br>March 31st 2020 | As at<br>December 31st 2019 |
|----------------------------|--------------------------|-----------------------------|
| Loans                      |                          |                             |
| Shareholder loan (Note 15) | 28,369                   | 28,035                      |
| <b>Total</b>               | <b>28,369</b>            | <b>28,035</b>               |

|                             | Period ended<br>March 31st 2020 | Period ended<br>March 31st 2019 |
|-----------------------------|---------------------------------|---------------------------------|
| Finance costs               |                                 |                                 |
| Recognised interest expense | 334                             | 334                             |
| <b>Total</b>                | <b>334</b>                      | <b>334</b>                      |

## 22. Dividend

On March 26th 2020, the Management Board resolved on a proposal concerning allocation of the Group's profit for 2019. In accordance with the resolution, the Management Board will not recommend payment of dividend for 2019 to the Annual General Meeting.

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

### *Sureties and guarantees provided and received*

Bank guarantees:

- PLN 2,500 thousand bank guarantee No. KLG46849IN17 of October 3rd 2017, provided in connection with a distribution agreement, valid until September 30th 2020, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 15
- EUR 652 thousand bank guarantee No. KLG48048IN17, as amended on June 13th 2018, provided in connection with lease of property in Bieruń, valid until August 31st 2020, granted within the credit limit of facility provided by ING Bank Śląski S.A.; see Note 15
- EUR 171 thousand bank guarantee No. KLG38679IN16 of August 24th 2016, provided in connection with lease of property in Pruszków, valid until August 31st 2020, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 15
- 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 15
- PLN 800 thousand bank guarantee No. DOK3617GWB19KW of October 18th 2019, provided in connection with a distribution agreement, valid until May 31st 2020, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see Note 15.

### *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 materialise, the Group will receive relevant compensation from the insurer.

The Group took out insurance against the credit risk of some of its certain 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 as to 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 Legislation also takes into account the provisions of 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 clause 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 clause but for which the 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.

## 24. Events subsequent to the reporting date

No significant events occurred after the reporting period.

## 25. Impact of the COVID-19 pandemic on the Group's business

Given the current situation related to the spread of the COVID-19 pandemic, the Company identifies the following as the key risks that will have an impact on the Group's financial results in the coming periods:

- risk of reduced purchasing power of consumers and a decrease in consumers' mobility as a result of measures designed to limit travel;
- risk of obstacles at country borders, which may affect transport to foreign customers.

As at the issue date of this report, the Company did not identify any complications in the conduct of its business, but it still operates in an environment with reduced demand from customers. The decrease in demand is due chiefly to the significant restrictions on population mobility in individual countries, translating into smaller distances travelled by drivers. Another factor limiting demand in recent months was lower sales of used cars, including by second-hand car dealers and other operators trading in second-hand cars.

However, the Issuer emphasises that, given the rapidly changing circumstances, the legal situation and regulations of the national governments related to the spread of the epidemic is not able to reliably estimate the extent of its impact on the Group's operating and financial condition as at the date of issue of this report.

At present, the Issuer has not identified any significant risks other than those specified above. In particular, as at the date of issue of the 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 financial condition of the Issuer is stable, with cash and available credit limits providing a safety buffer. In the medium and long term, depending on the development of the situation, 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 taken on an ongoing basis, including in relation to operating costs, to maintain an appropriate level of profitability and thus meet 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 of the Group believes that the situation described above does not require any adjustments to the financial statements for the three months ended March 31st 2020, and 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 will continue as a going concern for at least 12 months from the reporting date.



## 26. Authorisation of the interim condensed consolidated financial statements for issue

These interim condensed consolidated financial statements of the Group were authorised for issue by the Management Board on May 18th 2020.

Aleksander Górecki – President of the  
Management Board

Andrzej Manowski – Vice President of the  
Management Board

Piotr Janta – Vice President of the Management Board

Kamila Obłodecka-Pieńkosz – Chief Accountant