
*Interim condensed consolidated financial statements for the nine months ended September 30th
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	for the three months ended		for the nine months ended	
		September 30th 2020	September 30th 2019	September 30th 2020	September 30th 2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	469,530	391,519	1,237,303	1,111,093
Cost of sales	4	(337,767)	(289,597)	(888,137)	(826,030)
Gross profit (loss)		131,763	101,922	349,166	285,063
Distribution costs and marketing expenses	4	(49,488)	(45,964)	(137,054)	(125,846)
Storage (logistics) costs	4	(28,443)	(26,891)	(80,824)	(76,048)
Administrative expenses	4	(7,556)	(6,081)	(21,854)	(18,037)
Other gains (losses), net	5	485	(621)	(660)	(2,061)
Other income		92	63	177	204
Other expenses		(66)	(238)	(285)	(438)
Operating profit (loss)		46,787	22,190	108,666	62,837
Finance income	6	7	(59)	75	70
Finance costs	7	(1,614)	(2,633)	(7,393)	(7,280)
Profit (loss) before tax		45,180	19,498	101,348	55,627
Income tax		(8,594)	(3,861)	(19,478)	(11,036)
Net profit (loss)		36,586	15,637	81,870	44,591
Discontinued operations					
Net profit (loss) from discontinued operations		-	-	-	-
NET PROFIT (LOSS)		36,586	15,637	81,870	44,591
Other comprehensive income, net					
Translation reserve		4	(39)	49	(50)
Total other comprehensive income, net		4	(39)	49	(50)
TOTAL COMPREHENSIVE INCOME		36,590	15,598	81,919	44,541
Net profit attributable to:					
Owners of the parent		36,586	15,637	81,870	44,591
Non-controlling interests		-	-	-	-
Total comprehensive income attributable to:					
Owners of the parent		36,590	15,598	81,919	44,541
Non-controlling interests		-	-	-	-
Earnings (loss) per share (PLN per share)					
From continuing and discontinued operations:					
Basic		0.28	0.12	0.63	0.34
Diluted		0.28	0.12	0.63	0.34
From continuing operations:					

Basic	0.28	0.12	0.63	0.34
Diluted	0.28	0.12	0.63	0.34

Consolidated statement of financial position

	Note	As at September 30th 2020	As at December 31st 2019
(unaudited)			
ASSETS			
Non-current assets			
Intangible assets	9	11,819	7,897
Property, plant and equipment	8	129,418	125,953
Investments in other entities	10	110	110
Other long-term receivables	13	1,818	1,896
Other non-current financial assets	11	29	37
Deferred tax assets		-	-
Total non-current assets		143,194	135,893
Current assets			
Inventories	12.1	492,210	460,584
Right-of-return assets	12.2	10,972	7,528
Trade and other receivables	13	124,910	101,394
Other financial assets	11	10	30
Current tax assets		-	150
Cash and cash equivalents		24,342	25,947
Total current assets		652,444	595,633
Total assets		795,638	731,526
EQUITY AND LIABILITIES			
Equity			
Share capital issued	14	13,062	13,062
Other components of equity		359,175	300,461
Retained earnings for current year		81,870	58,714
Translation reserve		9	(40)
Equity attributable to owners of the parent		454,116	372,197
Equity attributable to non-controlling interests		-	-
Total equity		454,116	372,197
Non-current liabilities			
Long-term borrowings	15	93,343	90,319
Lease liabilities	18	51,485	60,724

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Employee benefit obligations	22	1,803	1,196
Long-term provisions	16	-	-
Deferred tax liability		1,004	4,174
Total non-current liabilities		147,635	156,413
Current liabilities			
Trade and other payables	17.1	131,788	65,761
Contract and right-of-return liabilities	17.2	14,395	9,778
Short-term borrowings	15	10,060	83,582
Lease liabilities	18	29,853	21,818
Reverse factoring liabilities	19.1	-	14,370
Factoring liabilities	19.2	-	3,550
Other financial liabilities	20	-	-
Current tax liability		1,939	-
Employee benefit obligations	22	5,468	3,499
Short-term provisions	16	384	558
Total current liabilities		193,887	202,916
Total liabilities		341,522	359,329
Total equity and liabilities		795,638	731,526

Consolidated statement of cash flows

	Note	period ended	period ended
		September 30th 2020	September 30th 2019
Cash flows from operating activities		(unaudited)	(unaudited)
Profit before tax		101,348	55,627
Adjustments:		38,262	(24,642)
Depreciation and amortisation		17,385	13,888
Foreign exchange gains (losses)		187	115
Gains (losses) on investing activities		239	111
Finance costs recognised in profit or loss		5,908	7,036
Other adjustments		-	(21)
Increase / decrease in inventories and right-of-return assets		(35,070)	(8,358)
Increase / decrease in trade and other receivables		(23,389)	(39,444)
Increase / decrease in trade and other payables		70,600	(1,493)
Increase / decrease in employee benefit obligations and provisions		2,402	3,524
Cash from operating activities		139,610	30,985
Income tax paid		(20,559)	(11,517)
Net cash from operating activities		119,051	19,468
Cash flows from investing activities			
Purchase of intangible assets and property, plant and equipment		(7,399)	(8,135)
Disposal of intangible assets and property, plant and equipment		15	62
Non-bank borrowings		-	(115)
Repayment of loans		28	37
Receipts from finance lease		7	9
Interest received		7	7
Receipts from forward contracts		8	-

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Payments for forward contracts	(141)	-
Net cash from investing activities	(7,475)	(8,135)
Cash flows from financing activities		
Proceeds from issue of shares	-	980
Expenses related to issue of shares	-	(38)
Dividend paid	-	(2,603)
Borrowings received	-	9,006
Borrowings repaid	(70,234)	-
Effect of financing – reverse factoring	(14,370)	-
Effect of financing – factoring	(3,618)	-
Payments under finance lease contracts	(18,652)	(14,039)
Interest and commissions paid	(6,242)	(5,673)
Net cash from financing activities	(113,116)	(12,367)
Total net cash flows	(1,540)	(1,034)
Cash and cash equivalents at beginning of period	25,947	21,913
Effect of exchange rate movements on net cash in foreign currencies	(65)	(49)
Cash and cash equivalents at end of period	24,342	20,830

Statement of changes in equity

	Share capital issued	Equity from issue of warrants	Share premium	Retained earnings – other	Translation reserve	Attributable to owners of the parent	Attributable to non-controlling interests	Total
As at January 1st 2019	13,012	2,103	105,407	194,662	(22)	315,162	-	315,162
Net profit for period				44,591		44,591	-	44,591
Other comprehensive income for period, net				-	(50)	(50)	-	(50)
Total comprehensive income				44,591	(50)	44,541	-	44,541
Dividend paid				(2,603)	-	(2,603)	-	(2,603)
Issue of ordinary shares	50	-	892	-	-	942	-	942
Equity from issue of warrants	-	-	-	-	-	-	-	-
As at September 30th 2019 (unaudited)	13,062	2,103	106,299	236,650	(72)	358,042	-	358,042
As at January 1st 2020	13,062	2,103	106,299	250,773	(40)	372,197	-	372,197
Net profit for period				81,870		81,870	-	81,870
Other comprehensive income for period, net					49	49	-	49
Total comprehensive income				81,870	49	81,919	-	81,919
Dividend paid						-	-	-
Issue of ordinary shares	-	-	-	-		-	-	-
Equity from issue of warrants	-	-	-	-		-	-	-
As at September 30th 2020 (unaudited)	13,062	2,103	106,299	332,643	9	454,116	-	454,116

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, under 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,

Andrzej Urban – Member of the Supervisory Board,

Bogumił Woźny – Deputy Chairman 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 September 30th 2020 is presented below.

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

The Group

As at the reporting date, the Auto Partner Group 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 in the Group have been established for indefinite time. Financial statements of all subsidiaries have been prepared for the same period as the parent's financial statements, in accordance with consistently applied uniform accounting policies.

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

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

2. Statement of 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 September 30th 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 September 30th 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

Amendments to existing standards applied for the first time in the financial statements for 2020: the following amendments to existing standards issued by the International Accounting Standards Board (IASB) and endorsed by the EU have been applied for the first time in 2020:

- **Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of 'materiality'**, endorsed by the EU on November 29th 2019 and effective for annual periods beginning on or after January 1st 2020.

- **Amendments to IFRS 3 Business Combinations – Definition of a Business**, endorsed by the EU on April 21st 2020 and applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1st 2020 and to asset acquisitions that occur on or after the beginning of that period.
- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform**, endorsed by the EU on January 15th 2020 and effective for annual periods beginning on or after January 1st 2020.
- **Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions** (endorsed by the EU on October 9th 2020 and effective on or before June 1st 2020 for the financial year beginning on or after January 1st 2020).
- **Amendments to References to the Conceptual Framework in IFRS Standards** – endorsed by the EU on November 29th 2019 and effective for annual periods beginning on or after January 1st 2020.

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

New standards and amendments to existing standards already issued by the IASB and endorsed by the EU but not yet effective: as at the date of authorisation of these financial statements for issue, no amendments to existing standards /new standards or interpretations issued by the International Accounting Standards Board (IASB) have been endorsed by the European Union and come into force at a later date.

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

- **IFRS 14 Regulatory Deferral Accounts**, effective for annual periods beginning on or after January 1st 2016 – the European Commission has decided not to launch the endorsement process of this interim standard until the final IFRS 14 is issued,
- **IFRS 17 Insurance Contracts** as amended, effective for annual periods beginning on or after January 1st 2023,
- **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**, effective for annual periods beginning on or after January 1st 2023,
- **Amendments to IAS 16 Property, Plant and Equipment – Proceeds Before Intended Use**, effective for annual periods beginning on or after January 1st 2022,
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract**, effective for annual periods beginning on or after January 1st 2022,
- **Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework (Amendments to IFRS 3)**, effective for annual periods beginning on or after January 1st 2022,
- **Amendments to IFRS 4 Insurance Contracts – extension of the temporary exemption from IFRS 9**, expiry date of the temporary exemption from IFRS 9 was extended for annual periods beginning on or after January 1st 2023,
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sales or Contributions of Assets between an Investor and its Associate or Joint Venture, and subsequent amendments**, the effective date postponed until completion of research on the equity method.
- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases - Interest Rate Benchmark Reform – Phase 2** (effective for annual periods beginning on or after January 1st 2021),
- **Amendments to various standards provided for in Annual Improvements to IFRS Standards 2018-2020 Cycle** – amendments made as part of the annual IFRS improvements process (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily to correct conflicts and clarify wording (amendments to IFRS 1, IFRS 9 and IAS 41), effective for annual periods beginning on or after January 1st 2022.

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

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

2.5. Functional and reporting currency

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

The following policies have been applied to translate financial data for the purpose of consolidating the financial statements of foreign subsidiaries.

Items of the statement of financial position have been translated at the mid-rates quoted by the National Bank of Poland at the end of the reporting period:

NBP mid rate quoted for:	September 30th 2020	December 31st 2019
EUR	4.5268	4.2585
CZK	0.1666	0.1676
RON	0.9291	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:

Average NBP mid rate for reporting period	2020	2019
EUR	4.4420	4.3086
CZK	0.1677	0.1675
RON	0.9191	0.9081

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 September 30th 2020	Period ended September 30th 2019
<i>Revenue recognised at:</i>		
Revenue from sale of merchandise	1,235,579	1,109,565
including:		
<i>Sales of merchandise – Poland</i>	716,753	685,083
<i>Sales of merchandise – EU</i>	512,851	408,362
<i>Sales of merchandise – other exports</i>	5,975	16,120
<i>Revenue recognised on a time proportion basis:</i>		
Revenue from rendering of services	1,724	1,528
including:		
<i>Sales of services – Poland</i>	1,206	1,013
<i>Sales of services – EU</i>	518	515
<i>Rendering of services – other exports</i>	-	-
Total revenue	1,237,303	1,111,093

4. Costs by nature and function of expense

	Period ended September 30th 2020	Period ended September 30th 2019
Depreciation and amortisation	(17,385)	(13,888)
Raw materials and consumables used	(10,175)	(9,923)
Services	(118,625)	(107,798)
Taxes and charges	(1,769)	(2,476)
Employee benefits expense	(84,976)	(76,057)
Other costs by nature of expense	(6,801)	(9,898)
Merchandise and materials sold	(888,138)	(825,921)
Total costs by nature of expense	(1,127,869)	(1,045,961)
Cost of sales	(888,137)	(826,030)
Distribution costs and marketing expenses	(137,054)	(125,846)
Storage (logistics) costs	(80,824)	(76,048)
Administrative expenses	(21,854)	(18,037)
Total costs by function of expense	(1,127,869)	(1,045,961)

5. Other gains (losses), net

	Period ended September 30th 2020	Period ended September 30th 2019
Foreign exchange gains or losses on operating activities – measurement	(377)	350
Foreign exchange gains or losses on operating activities – realised	54	(879)
Impairment of receivables	(867)	(1,582)
Other	530	50
Other gains (losses) net	(660)	(2,061)

6. Finance income

	Period ended September 30th 2020	Period ended September 30th 2019
Gains on realised currency forward contracts measured at fair value through profit or loss	8	-
Gains on measurement of currency forward contract assets and liabilities measured at fair value through profit or loss	-	-
Foreign exchange gains on financing activities – measurement	1	-
Foreign exchange gains on financing activities – realised	12	1
Interest on trade receivables	46	55
Other finance income	8	14
Total finance income	75	70

7. Finance costs

	Period ended September 30th 2020	Period ended September 30th 2019
Interest expense:		
Interest on term and overdraft facilities	(1,651)	(2,675)
Interest on non-bank borrowings from related entities	(1,001)	(1,001)
Interest on lease liabilities (lease contracts)	(1,749)	(1,623)
Interest on lease liabilities (rental contracts)	(896)	(921)
Interest on factoring liabilities	(91)	(98)
Other interest expense	(10)	(46)
	(5,398)	(6,364)
Other finance costs:		
Losses on realised currency forward contracts measured at fair value through profit or loss	(141)	-
Losses on measurement of currency forward contract assets and liabilities measured at fair value through profit or loss	-	-
Foreign exchange losses on financing activities – measurement	(237)	(106)
Foreign exchange losses on financing activities – realised	(1,032)	-

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Credit commissions and fees	(435)	(606)
Factoring commissions and fees	(87)	(138)
Other finance costs	(63)	(66)
	<u>(1,995)</u>	<u>(916)</u>
Total finance costs	(7,393)	(7,280)

8. Property, plant and equipment

	as at September 30th 2020	as at December 31st 2019
-		
Land	-	-
Buildings and structures	41,432	48,889
Machinery and equipment	36,208	30,819
Vehicles	10,255	11,515
Other	35,219	33,687
Property, plant and equipment under construction	6,304	1,043
Total carrying amount of property, plant and equipment	129,418	125,953

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. Such assets and the related depreciation expense are presented below.

	as at September 30th 2020	as at December 31st 2019
-		
Buildings and structures	39,567	46,852
Machinery and equipment	23,724	18,121
Vehicles	6,574	7,743
Other	20,406	19,123
Property, plant and equipment under construction (i)	5,675	679
Total carrying amount of property, plant and equipment under right-of-use arrangements	95,946	92,518

	Period ended September 30th 2020	Period ended September 30th 2019
-		
Buildings and structures	8,614	6,462
Machinery and equipment	2,231	1,461
Vehicles	888	826
Other	824	586
Total depreciation of property, plant and equipment under right-of-use arrangements	12,557	9,335

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

As at September 30th 2020, the net carrying amount of property, plant and equipment financed with a non-bank borrowing (Note 15) was PLN 54 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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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
Gross carrying amount as at January 1st 2019	-	2,690	30,267	15,749	29,079	7,281	85,066
Increase							
Purchase	-	500	2,192	959	2,440	398	6,489
Accounting for property, plant and equipment under construction – purchase	-	38	356	-	23	(417)	-
Leases	-	13,094	5,374	1,549	3,798	8,323	32,138
Leases – implementation of IFRS 16 – opening balance	-	37,656	-	-	-	-	37,656
Accounting for property, plant and equipment under construction – leases	-	-	-	-	6,753	(6,753)	-
Other	-	-	-	-	-	7	7
Decrease							
Disposal	-	-	(73)	(432)	-	-	(505)
Liquidation	-	-	(177)	(71)	-	-	(248)
Other	-	-	-	-	(127)	-	(127)
Gross carrying amount as at September 30th 2019	-	53,978	37,939	17,754	41,966	8,839	160,476
Gross carrying amount as at January 1st 2020	-	59,993	45,778	18,498	42,543	1,043	167,855
Increase							
Purchase	-	68	1,294	-	1,101	284	2,747
Accounting for property, plant and equipment under construction – purchase	-	-	14	-	-	(14)	-
Leases	-	1,485	8,053	499	1,742	5,675	17,454
Accounting for property, plant and equipment under construction – leases	-	-	138	-	541	(679)	-
Other	-	-	-	-	(2)	(5)	(7)
Decrease							
Disposal	-	-	(1)	(106)	-	-	(107)
Liquidation	-	-	(42)	(36)	-	-	(78)
Other	-	(152)	(1)	(535)	-	-	(688)
Gross carrying amount as at September 30th 2020	-	61,394	55,233	18,320	45,925	6,304	187,176
Accumulated depreciation as at January 1st 2019	-	1,090	11,458	5,609	6,819	-	24,976
Depreciation in period	-	6,668	2,895	1,298	1,475	-	12,336
Disposal	-	-	(38)	(261)	-	-	(299)
Liquidation	-	-	(171)	(16)	-	-	(187)
Other	-	-	-	(7)	-	-	(7)
Accumulated depreciation as at September 30th	-	7,758	14,144	6,623	8,294	-	36,819

Interim condensed consolidated financial statements of the Auto Partner Group for the period January 1st to September 30th 2020
(all amounts in PLN thousand)

2019							
Accumulated depreciation as at January 1st 2020	-	11,104	14,959	6,983	8,856	-	41,902
Depreciation in period	-	8,858	4,108	1,387	1,850	-	16,203
Disposal	-	-	(1)	(83)	-	-	(84)
Liquidation	-	-	(41)	(14)	-	-	(55)
Other	-	-	-	(208)	-	-	(208)
Accumulated depreciation as at September 30th 2020	-	19,962	19,025	8,065	10,706	-	57,758
Net carrying amount as at September 30th 2019	-	46,220	23,795	11,131	33,672	8,839	123,657
Net carrying amount as at September 30th 2020	-	41,432	36,208	10,255	35,219	6,304	129,418

9. Intangible assets

	as at September 30th 2020	as at December 31st 2019
-		
Software	7,323	4,656
Other intangible assets	-	-
Intangible assets under development	4,496	3,241
Total carrying amount of intangible assets	11,819	7,897

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

	as at September 30th 2020	as at December 31st 2019
-		
Software	687	368
Other intangible assets	-	-
Intangible assets under development	-	-
Total carrying amount of right-of-use intangible assets	687	368

	Period ended September 30th 2020	Period ended September 30th 2019
-		
Software	89	62
Other intangible assets	-	-
Total amortisation of right-of-use intangible assets	89	62

Movements in intangible assets	Software	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as at January 1st 2019	14,483	336	458	15,277
Increase				
Purchase	614	-	1,130	1,744
Accounting for intangible assets under development – purchase	260	-	(260)	-
Leases	85	-	-	85
Accounting for intangible assets under development – leases	-	-	-	-
Decrease				
Disposal	-	-	-	-

Interim condensed consolidated financial statements of the Auto Partner Group for the period January 1st to September 30th 2020
(all amounts in PLN thousand)

Liquidation	-	-	-	-
Other	-	-	(25)	(25)
Gross carrying amount as at September 30th 2019	15,442	336	1,303	17,081
Gross carrying amount as at January 1st 2020	16,194	336	3,241	19,771
Increase				
Purchase	1,713	-	2,983	4,696
Accounting for intangible assets under development – purchase	1,728	-	(1,728)	-
Leases	408	-	-	408
Accounting for intangible assets under development – leases	-	-	-	-
Other	-	-	-	-
Decrease				
Disposal	-	-	-	-
Liquidation	-	-	-	-
Other	-	-	-	-
Gross carrying amount as at September 30th 2020	20,043	336	4,496	24,875
Accumulated amortisation as at January 1st 2019	9,433	336	-	9,769
Depreciation in period	1,552	-	-	1,552
Disposal	-	-	-	-
Liquidation	-	-	-	-
Other	-	-	-	-
Accumulated depreciation as at September 30th 2019	10,985	336	-	11,321
Accumulated amortisation as at January 1st 2020	11,538	336	-	11,874
Depreciation in period	1,182	-	-	1,182
Disposal	-	-	-	-
Liquidation	-	-	-	-
Other	-	-	-	-
Accumulated depreciation as at September 30th 2020	12,720	336	-	13,056
Net carrying amount as at September 30th 2019	4,457	-	1,303	5,760
Net carrying amount as at September 30th 2020	7,323	-	4,496	11,819

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 September 30th 2020	as at December 31st 2019
fully consolidated				
Maxgear Sp. z o.o. Sp. komandytowa	sale of spare parts and accessories for motor vehicles	Bieruń, Poland	100%	100%
Maxgear Sp. z o.o.	sale of spare parts and accessories for motor vehicles	Poland, Tychy	100%	100%
AP Auto Partner CZ, s.r.o.	sale of spare parts and accessories for motor vehicles	Prague, Czech Republic	100%	100%
AP Auto Partner RO, s.r.l.	sale of spare parts and accessories for motor vehicles	Timisoara, Romania	100%	100%

Investments in other entities

	as at September 30th 2020	as at December 31st 2019
Shares in other entities	110	110
Impairment losses on investments	-	-
Total	110	110

11. Other financial assets

	as at September 30th 2020	as at December 31st 2019
Financial assets measured at fair value through profit or loss		
Currency futures	-	-
Total	-	-
Loans measured at amortised cost		
Loans to related entities	-	-
Loans to other entities	39	67
Total	39	67
Total	39	67
including		
Long-term	29	37
Short-term	10	30
Total	39	67

12. Inventories and right-of-return assets

12.1 Inventories

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

	As at September 30th 2020	As at December 31st 2019
Merchandise	502,469	469,459
Write-downs	(10,259)	(8,875)
Total	492,210	460,584

Inventories pledged as security

The Group established a registered pledge over inventories. The amount of liabilities secured with the pledge is presented below.

	As at September 30th 2020	As at December 31st 2019
-		
Liabilities secured with pledge on inventories (Note 15)	75,651	145,792
Liabilities secured with pledge on inventories (Note 19.1)	-	14,370
Total	75,651	160,162

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

Change in inventory write-downs

	Period ended September 30th 2020	Period ended September 30th 2019
-		
Balance at beginning of period	8,875	9,803
Decrease	(866)	(5,027)
Increase	2,250	2,708
Balance at end of period	10,259	7,484

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

	Period ended September 30th 2020	Period ended September 30th 2019
-		
Cost of sales	(888,137)	(826,030)
Storage (logistics) costs	-	-
Distribution costs	(3,795)	(3,127)
Administrative expenses	-	-
Total inventory cost recognised	(891,932)	(829,157)

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.

	As at September 30th 2020	As at December 31st 2019
Right-of-return assets	10,972	7,528

13. Trade and other receivables

	As at September 30th 2020	As at December 31st 2019
Trade receivables payable up to 12 months	96,777	79,797
Trade receivables payable in more than 12 months	1,157	1,202
Impairment losses on trade receivables	(5,748)	(5,079)
Total trade receivables	92,186	75,920
Expected income from participation in Global One purchasing group (i)	8,576	10,138
Write-down of expected income from participation in the Global One purchasing group	(257)	(304)
Finance lease receivables	17	24
Amounts due from payment system operators	1,064	1,420
Rent deposits receivable (ii)	1,553	1,576
Other financial receivables	3,037	692
Impairment losses on other receivables	(682)	(552)
Total trade and other financial receivables	105,494	88,914
Prepaid deliveries	5,324	3,590
Receivables on sale of property, plant and equipment	-	8
Prepayments and accrued income	3,376	2,340
VAT to be settled in subsequent periods	12,517	8,187
Other non-financial receivables	17	251
Total non-financial receivables	21,234	14,376
Total trade and other receivables	126,728	103,290
Other long-term receivables	1,818	1,896
Trade and other receivables	124,910	101,394
Total trade and other receivables	126,728	103,290

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

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

Expected credit losses on trade receivables are recognised as lifetime expected credit losses. To calculate the expected credit losses, the Group uses a provision matrix estimated based on historical payment levels and recoveries from trading partners. The matrix differentiates between the following groups of receivables: not past due receivables, receivables past due for 1-30 days, receivables past due for 31-90 days, receivables past due for 91-120 days, receivables past due for 121-180 days, receivables past due for 181-360 days, and receivables past due for more than 360 days. To determine the level of collectability of trade receivables, the Group takes into account changes in their quality from the credit origination date to the date of preparing the financial statements. Concentration of the credit risk is limited as the customer base is large and there are no links between individual customers.

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

	As at September 30th 2020	As at December 31st 2019
not past due	215	130
past due 1-30 days	28	57
past due 31-90 days	10	130
past due 91-120 days	27	84
past due 121-180 days	80	108
past due 181-360 days	636	1,385
over 360 days	4,752	3,185
Total impairment losses on trade receivables	5,748	5,079

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

	Period ended September 30th 2020	Period ended September 30th 2019
Balance at beginning of period	552	621
Increase	130	28
Decrease	-	-
Balance at end of period	682	649

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 the reporting periods is presented below.

	As at September 30th 2020	As at December 31st 2019
Trade and other receivables pledged as security (i)	62,654	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 September 30th 2020	As at 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.	17	24
Total	17	24
Short-term finance lease receivables	9	8
Long-term finance lease receivables	8	16
Total	17	24

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 September 30th 2020	as at December 31st 2019
Fully paid-up share capital	13,062	13,062
Series A ordinary bearer shares	1	1
Series B ordinary bearer shares	111	111
Series C ordinary bearer shares	160	160
Series D ordinary bearer shares	48,320	48,320
Series E ordinary bearer shares	39,964	39,964
Series F ordinary bearer shares	4,444	4,444
Series G ordinary bearer shares	1,000	1,000
Series H ordinary bearer shares	23,000	23,000
Series I ordinary bearer shares	2,070	2,070
Series J ordinary bearer shares	11,550	11,550
Total (thousands of shares)	130,620	130,620
Par value per share	0.10	0.10
Total par value	13,062	13,062

Acting pursuant to Resolution No. 2 of the Extraordinary General Meeting of Auto Partner S.A 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, and 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 zloty 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 took 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. July 25th 2019 was the first date of trading the shares on the main market of the Warsaw Stock Exchange. 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. July 25th 2019 was the first date of trading the shares on the main market of the Warsaw Stock Exchange.

15. Borrowings

	as at September 30th 2020	as at December 31st 2019
Unsecured – at amortised cost		
Borrowings from related entities	27,701	28,035
	27,701	28,035
Secured – at amortised cost		
Overdraft facilities	8,828	82,192
Bank borrowings	66,823	63,600
Other borrowings	51	74
	75,702	145,866
Total borrowings	103,403	173,901
Current liabilities (vi)	10,060	83,582
Non-current liabilities	93,343	90,319
Total borrowings	103,403	173,901

Credit facility agreements and non-bank borrowings:

	as at September 30th 2020	as at 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)	8,828	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)	-	6,807

ING Bank Śląski S.A./working capital facility /sub-limit facility within multi-product facility limit (i)	66,823	56,793
Santander Bank Polska S.A./working capital facility (ii)	-	18,845
mBank S.A./working capital facility (iii)	-	14,474
Shareholder loan agreements (iv)	27,701	28,035
UniCredit Leasing a.s./facility to finance purchase of property, plant and equipment (v)	51	74
Total	103,403	173,901

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

On October 19th 2015, the parent and ING Bank Śląski signed multi-facility agreement No. 882/2015/00000925/00, as amended. Maxgear Sp. z o.o. Sp.kom., a subsidiary, acceded to the agreement as joint and several debtor. The joint and several debtor agreed to pay all liabilities arising from the agreement. The amount of the credit limit is PLN 127,785 thousand, repayable by October 16th 2021. The subsidiary has access to a PLN 10m sublimit as part of the credit facility. As at June 30th 2020, the subsidiary had drawn PLN 6,349 thousand under the limit. The credit facility is secured with: registered pledge over inventories of merchandise owned by the Company, with a minimum value of PLN 194,970,000, along with the assignment of rights under an insurance policy, registered pledge over receivables with a minimum amount of PLN 40 million, the Company's representation under Art. 777.1.4. of the Code of Civil Procedure on submission to enforcement through delivery of the assets serving as security (inventories of merchandise), the Company's representation under Art. 777.1.5. of the Code of Civil Procedure on submission to enforcement through payment of an amount of up to PLN 194,970 thousand, Maxgear Sp. z o.o. Sp. k.'s representation under Art. 777.1.5. of the Code of Civil Procedure on submission to enforcement through payment of an amount of up to PLN 194,970 thousand; subordination of loans provided by Katarzyna Górecka and Aleksander Górecki, with a minimum amount of at least PLN 26,700 thousand, to claims under the agreement.

(ii) Credit facility – 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. The amount of the multi-facility is PLN 30,000 thousand, repayable by March 31st 2023. Under the facility, PLN 30m is available for use as an overdraft facility and PLN 10m for use as guarantees. The facility is secured with: a registered pledge over all inventories of merchandise stored at locations approved by the lender, with a minimum value of at least PLN 40m; assignment of receivables to the lender under insurance of the pledged assets; subordination to claims under loan provided by Ms Katarzyna Górecka and Aleksander Górecki, with a minimum amount of PLN 26,000,000.00; registered pledge over receivables with a minimum amount of PLN 7m.

(iii) Credit facility – mBank S.A.

On October 22nd 2019, the Company and mBank S.A. signed an overdraft facility agreement No. 11/145/19/Z/VV, as amended. The amount of the facility is PLN 25,000,000.00, repayable by September 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 to claims under loan provided by Ms Katarzyna Górecka and Aleksander Górecki, with a minimum amount of PLN 26,000,000.00.

(iv) Shareholder loan

On January 2nd 2014, the parent, Aleksander Górecki and Katarzyna Górecka signed a loan agreement, as amended, with the loan repayable by January 2nd 2024. The borrowing is not secured and bears interest at the rate of 5% per annum. The outstanding principal amount is PLN 26,700,000.00. The carrying amount of the borrowing includes interest accrued in 2020, of PLN 668 thousand.

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

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

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

16. Provisions

	As at September 30th 2020	As at December 31st 2019
Provisions for warranty repairs (i)	382	382
Other provisions	2	176
	<u>384</u>	<u>558</u>
Short-term provisions	384	558
Long-term provisions	-	-
Total	384	558

(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.

17. Trade and other payables

17.1 Trade and other payables

	As at September 30th 2020	As at December 31st 2019
Trade payables due in up to 12 months	114,677	51,067
Trade payables due in more than 12 months	-	-
Taxes, customs duties, social security and other benefits payable	10,432	9,341
Liabilities arising from acquisition of property, plant and equipment and intangible assets	303	257
Salaries and wages payable	5,879	5,017
Other liabilities	497	79
	<u>131,788</u>	<u>65,761</u>
Current liabilities	131,788	65,761
Non-current liabilities	-	-
Total	131,788	65,761

The average payment period is 30-40 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 September 30th 2020	As at December 31st 2019
Contract liabilities	476	354
Right-of-return liabilities (i)	13,919	9,424
Total	14,395	9,778

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

18. Finance liabilities under lease contracts

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

	As at September 30th 2020	As at December 31st 2019
Present value of minimum lease payments		
Current finance lease liabilities	29,853	21,818
Non-current finance lease liabilities	51,485	60,724
Total	81,338	82,542

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

	Period ended September 30th 2020	Period ended September 30th 2019
Payments recognised as expenses		
Minimum lease payments (i)	5,739	7,066
Contingent lease payments	-	-
Total	5,739	7,066

(i) includes cost of low-value asset leases (September 30th 2020: PLN 537 thousand; September 30th 2019: PLN 603 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 with Santander Faktoring Sp. z o.o., with a PLN 10 million factoring limit to finance purchases of merchandise from Polish and foreign suppliers. The agreement is valid until March 31st 2021. 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 September 30th 2020	as at December 31st 2019
Secured – at amortised cost		
Reverse factoring liabilities	-	14,370
	-	14,370
Current liabilities	-	14,370
Non-current liabilities	-	-
Total	-	14,370

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 term was 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 was a recourse facility.

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

	as at September 30th 2020	as at December 31st 2019
Secured – at amortised cost		
Factoring liabilities	-	3,550
	-	3,550
Current liabilities	-	3,550
Non-current liabilities	-	-
Total	-	3,550

20. Financial instruments

	As at September 30th 2020	As at December 31st 2019
Financial assets		
Measured at fair value through profit or loss:	-	-
<i>Held for trading</i>	-	-
<i>Classified for measurement at fair value through profit or loss:</i>	-	-
Measured at amortised cost:	129,858	114,904

<i>Cash</i>	24,342	25,947
<i>Trade and other financial receivables</i>	105,477	88,890
<i>Loans</i>	39	67
Measured at fair value through other comprehensive income	-	-
Financial receivables excluded from the scope of IFRS 9 – finance lease receivables	17	24
Financial receivables excluded from the scope of IFRS 9 – shares	110	110
<i>Financial liabilities</i>		
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:	218,859	243,499
<i>Trade payables</i>	114,677	51,067
<i>Contract liabilities</i>	476	354
<i>Liabilities arising from acquisition of property, plant and equipment and intangible assets</i>	303	257
<i>Borrowings</i>	103,403	173,901
<i>Reverse factoring liabilities</i>	-	14,370
<i>Factoring liabilities</i>	-	3,550
Financial liabilities excluded from the scope of IFRS 9 – finance lease liabilities	81,338	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 forward currency transactions; as at September 30th 2020, the Group had no open contract position.

	Period ended September 30th 2020	Period ended December 31st 2019
Fair value of contracts in foreign currency		
Assets	-	-
Liabilities	-	-

The fair value of the currency forward contracts is determined based on discounted future cash flows from the 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 entities 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 September 30th 2020	Period ended September 30th 2019
Sales of goods and services and other income		
entities related to members of the Management Board and the Supervisory Board	155	42
<i>including:</i>		
<i>sales of goods</i>	-	41
<i>re-charge of costs</i>	155	1
members of management boards of subsidiaries	7	7
<i>including:</i>		
<i>sales of goods</i>	1	2
<i>re-charge of costs</i>	6	5
Total	162	49

	Period ended September 30th 2020	Period ended September 30th 2019
Purchase of goods and services and other purchases		
entities related to members of the Management Board and the Supervisory Board	678	849
<i>including:</i>		
<i>purchase of services</i>	678	849
members of management boards of subsidiaries	138	159
<i>including:</i>		
<i>purchase of services</i>	138	159
Total	816	1,008

	As at September 30th 2020	As at December 31st 2019
Receivables		
entities related to members of the Management Board and the Supervisory Board	2	8
members of management boards of subsidiaries	2	1
Total	4	9

Liabilities	As at September 30th 2020	As at December 31st 2019
entities related to members of the Management Board and the Supervisory Board	115	78
members of management boards of subsidiaries	18	19
Total	133	97

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

Sales of goods and services and other income	Period ended September 30th 2020	Period ended September 30th 2019
Management Board members	25	25
<i>including:</i>		
<i>re-charge of costs</i>	25	25
Supervisory Board	-	-
<i>including:</i>		
<i>sales of goods</i>		
<i>re-charge of costs</i>		-
Total	25	25

Receivables	As at September 30th 2020	As at December 31st 2019
Management Board members	21	6
Supervisory Board	-	-
Total	21	6

Remuneration	Period ended September 30th 2020	Period ended September 30th 2019
Management Board members	1,734	299
Members of management boards of subsidiaries	897	180
Supervisory Board	62	60
Total	2,693	

Provision for obligations under the Incentive Scheme (i)	Period ended	Period ended
	September 30th 2020	September 30th 2019
Management Board members	2,607	1,003
Members of management boards of subsidiaries	1,427	494
Total	4,034	1,497

(i) Incentive scheme for members of the Management Board of Auto Partner S.A.

On April 9th 2019, by Resolution No 14, the Supervisory Board adopted the Rules of the 2019–2021 Incentive Scheme for Members of the Management Board of Auto Partner S.A. The purpose of the Scheme is to establish an incentive mechanism that will ensure long-term growth of the shareholder value, stabilise the Company’s management staff, and introduce a mechanism whereby members of the Management Board would be rewarded for their contribution to the growth of the Company’s value. The Incentive Scheme is addressed to members of the Management Board: Andrzej Manowski, Piotr Janta and Michał Breguła. However, the mandate of Michał Breguła expired on September 7th 2019, i.e. during the reference period. The total amount of bonuses to be paid in accordance with the Rules will not exceed PLN 5,360,000.00 during the term of the Scheme, i.e. in the period from 2019 to 2021.

The Supervisory Board of Auto Partner S.A. defined further details of the Incentive Scheme Rules for members of the Management Boards of Auto Partner S.A. by deciding that the bonuses to be paid to the eligible members of the Management Board 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.

On June 29th 2020, based on the provisions of the Rules of the Incentive Scheme of April 9th 2019, Resolution No. 3 of the Supervisory Board of April 3rd 2020, the data contained in the audited full-year consolidated financial statements of the Auto Partner Group for the financial year 2019, received by the Annual General Meeting on June 19th 2020, and the settlement of the business criteria set out in the Rules, the Supervisory Board decided to grant the following bonuses to the Scheme participants, i.e. Andrzej Manowski, Vice President of the Management Board, and Piotr Janta, Vice President of the Management Board: Piotr Janta, Vice President of the Management Board – bonus of PLN 674,000, to be paid in instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000 in 2022; Andrzej Manowski, Vice President of the Management Board – bonus of PLN 674,000, to be paid in instalments: PLN 472,000 in 2020; PLN 135,000 in 2021; PLN 67,000.00 in 2022.

The bonus for 2019, payable in 2020 under Resolution No. 3 of the Supervisory Board of June 29th 2020, was calculated as at the reporting date. The 2020 instalment was paid on July 1st 2020.

(i) Incentive Scheme for members of the Management Board of Maxgear Sp. z o.o.

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. Its terms will be the same as those provided for in the Rules of the Incentive Scheme for members of the Auto Partner S.A. Management Board. The bonuses to be paid under the Incentive Scheme Rules for members of the Management Board of Maxgear Sp. z o.o. will not exceed PLN 2,640,000.00 during the whole term of the Scheme, i.e. from 2019 to 2021.

On June 29th 2020, in accordance with the provisions of the Rules of the Incentive Scheme adopted by the General Meeting on May 30th 2019 and Resolution No. 1 of the General Meeting of April 3rd 2020, members of the Management Board:

Arkadiusz Cieplak and Grzegorz Pal were granted the following bonuses: Grzegorz Pal, Member of the Management Board – bonus of PLN 428,000, to be paid in instalments: PLN 300,000 in 2020; PLN 86,000 in 2021; PLN 42,000 in 2022; Arkadiusz Cieplak, Member of the Management Board – bonus of PLN 310,000, to be paid in instalments: PLN 217,000 in 2020; PLN 62,000 in 2021; PLN 31,000 in 2022. The 2020 instalment was paid on July 2nd 2020.

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

	As at September 30th 2020	As at December 31st 2019
Non-bank borrowings		
Shareholder loan (Note 15)	27,701	28,035
Total	27,701	28,035
	Period ended September 30th 2020	Period ended September 30th 2019
Finance costs		
Interest expense recognised	(1,001)	(1,001)
Total	(1,001)	(1,001)

22. Employee benefit obligations

	As at September 30th 2020	As at December 31st 2019
Provision for accrued holiday entitlements	2,198	1,693
Provision for retirement and disability benefit obligations	414	448
Provision for obligations under the Incentive Scheme for 2020 (i)	4,034	-
Provision for obligations under the Incentive Scheme for 2019 (i)	-	2,554
Obligations under the Incentive Scheme for 2019 (i)	625	-
	7,271	4,695
Non-current employee benefit obligations	1,803	1,196
Current employee benefit obligations	5,468	3,499
Total	7,271	4,695

Accounting for provision for the Incentive Scheme for 2019

As of January 1st 2020	2,554
amount of awarded bonus – Members of the Management Board of Auto Partner S.A.	(1,348)
amount of awarded bonus – Members of the Management Board of Maxgear Sp. z o.o.	(738)
reversal of provision	(468)
As at September 30th 2020	-

	Period ended September 30th 2020	Period ended September 30th 2019
Change in provisions		
Provision for accrued holiday entitlements	(505)	(431)
Provision for retirement and disability benefit obligations	34	(156)
Provision for obligations under the Incentive Scheme for 2019	468	(1,497)
Provision for obligations under the Incentive Scheme for 2020	(4,034)	-
	(4,037)	(2,084)

(i) In the statement of financial position the Group changed presentation of the provision for its obligations under the Incentive Scheme. As at December 31st 2019 and March 31st 2020, the provision was disclosed under long-term provisions and short-term provisions, together with other provisions.

(ii) The difference between the amount of the bonus granted and the disclosed obligation under the Incentive Scheme for 2019 is a public charge on the bonus amount assessed as at the reporting date, payable in 2020; the charge is disclosed in the statement of financial position under trade and other payables.

For details of the Incentive Scheme, see Note 21 (remuneration of members of the Group's Management Board).

23. Dividend

No dividend was paid for 2019.

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

Sureties and guarantees provided and received

Bank guarantees:

– PLN 42 thousand bank guarantee No. KLG57699IN19 of March 1st 2019, provided in connection with commercial property lease contract of February 15th 2019, valid until May 6th 2024, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see note 15

– PLN 2,000 thousand bank guarantee No. DOK3617GWB19KW of October 18th 2019, provided in connection with a distribution agreement, valid until May 31st 2022, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see note 15

– PLN 652 thousand bank guarantee No. DOK2419GWB20AR of July 27th 2020, provided in connection with a contract for rent of property in Bieruń, valid until August 31st 2023, granted within credit limit of the facility provided by ING Bank Śląski S.A.; see note 15

– PLN 171 thousand bank guarantee No. DOK2418GWB20TI of July 27th 2020, provided in connection with a contract for rent of property in Pruszków, valid until August 31st 2023, granted within credit limit of the facility provided by Santander Bank Polska S.A.; see note 15

– PLN 2,500 thousand bank guarantee No. DOK3227GWB20TI of October 1st 2020, provided in connection with a distribution agreement, valid until December 31st 2020, granted within credit limit of the facility provided by Santander Bank Polska 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 materialises, the Group will receive relevant compensation from the insurer.

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

Tax liabilities

The tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. The tax authorities have control instruments enabling them to verify the tax bases (in most cases for the preceding five financial years) and to impose penalties and fines. As of July 15th 2016, the Tax 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 whose benefits have been or are still being realised after the date of its entry into force. Consequently, the determination of tax liabilities may require significant judgement, including with respect to transactions that have already taken place, and the amounts of tax expense presented and disclosed in the financial statements may change in the future as a result of audits by the tax authorities.

25. Events subsequent to the reporting date

On October 20th 2020, an agreement was signed with MLP Group S.A. to extend the lease contract and increase the leased space by more than 4.3 thousand square metres, of which approximately 3.8 thousand square metres will be used for warehouse purposes, and a further 490 square metres will be used for office purposes and social amenities. As a result, the Group will use almost 13 thousand square metres of total space.

26. 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 may have an impact on the Group's financial results in the coming periods:

- the risk of a decrease in the purchasing power of consumers (in such a situation, more people will drive older cars, and therefore demand for goods offered by the Group will increase) and travel restrictions related to the processes governing the movement of the population,
- the risk of obstacles at country borders, which may affect transport to foreign customers.

As at the date of issue of this report, the Company does not identify any impediments to its operations or observe a limited consumer demand for replacement/spare parts. After a period when certain temporary difficulties occurred, mainly related to mobility constraints (end customers' inability to have their vehicles serviced), the demand recovered, leading to increased activity at repair workshops, which performed maintenance repairs that were not made during the spring season.

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, the Group 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 Company 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 Company's financial condition is stable, with cash and available credit limits providing a safety buffer. In the medium and long term, depending on how the situation develops, the Company, in consultation with the financing banks, will adjust the credit limits to the current needs and the value of the collateral it may provide. Operating decisions will also be made on an ongoing basis, including in relation to operating costs, to maintain an appropriate level of profitability and thus meet the financial covenants provided for in the agreements with banks.

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

In the opinion of the Management Board, the coronavirus pandemic and its national and global consequences in terms of possible renewed governmental restrictions may affect the Company's and its Group's business, growth opportunities and financial condition. In view of the above, since mid-March 2020 the Management Board of the Company has been monitoring the Group's economic and financial condition on an ongoing basis. The Company takes a number of measures to protect health and safety of its employees and customers, as well as measures aimed at minimising the economic impact of the pandemic. Given the continuing high level of uncertainty about the development of the situation, both on the domestic and global markets, it is not possible to estimate the pandemic's impact on the Group's results.

Further development of the pandemic is highly unpredictable, and therefore the situation in the fourth quarter may change.

The management of the Group believes that the situation does not pose any threat to the Group continuing as a going concern, and therefore the financial statements were prepared on the assumption that the Group will continue as a going concern for at least 12 months from the reporting date.

27. Authorisation for issue

These interim condensed consolidated financial statements of the Group were authorised for issue by the Management Board on November 23rd 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