



TOYA S.A. CAPITAL GROUP

Consolidated interim report
For the period from 1 January 2021 to 30 September 2021



SELECTED FINANCIAL DATA

Selected financial data relating to the condensed interim consolidated financial statements of TOYA S.A. Capital Group in Wrocław

	PLN thousand		EUR thousand	
	3 quarters cumulatively / period from 1.01.2021 to 30.09.2021	3 quarters cumulatively / period from 1.01.2020 to 30.09.2020	3 quarters cumulatively / period from 1.01.2021 to 30.09.2021	3 quarters cumulatively / period from 1.01.2020 to 30.09.2020
I. Revenue from sales of goods	511,998	384,963	112,317	86,664
II. Operating profit	77,057	57,738	16,904	12,998
III. Profit before tax	76,020	56,557	16,677	12,732
IV. Net profit	60,703	45,806	13,316	10,312
V. Total comprehensive income	65,540	48,882	14,377	11,005
VI. Weighted average number of shares ('000)	75,042	75,042	75,042	75,042
VII. Net profit per ordinary share attributable to shareholders of the Parent Company (in PLN/EUR)	0.81	0.61	0.18	0.14
VIII. Net cash from operating activities	29,523	94,817	6,476	21,346
IX. Net cash from investing activities	(14,754)	(7,512)	(3,237)	(1,691)
X. Net cash from financing activities	(28,288)	(59,735)	(6,206)	(13,448)
XI. Total net cash	(13,519)	27,570	(2,966)	6,207
	As at	As at	As at	As at
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
XII. Non-current assets	79,888	68,534	17,244	14,851
XIII. Current assets	416,757	326,408	89,956	70,731
XIV. Total assets	496,645	394,942	107,200	85,582
XV. Non-current liabilities	36,831	27,773	7,950	6,017
XVI. Current liabilities	178,303	129,436	38,486	28,048
XVII. Total equity	281,511	237,733	60,763	51,515

The following currency rates were applied in the translation of the selected financial data into EUR:

- for the translation of comprehensive income and cash flows for the period from 1 January 2021 to 30 September 2021 the rate of **4.5585 PLN / EUR (*)**
- for the translation of comprehensive income and cash flows for the period from 1 January 2020 to 30 September 2020 the rate of **4.4420 PLN / EUR (*)**
- for the translation of assets, liabilities and equity at 30 September 2021 the rate of **4.6329 PLN / EUR**
- for the translation of assets, liabilities and equity at 31 December 2020 the rate of **4.6148 PLN / EUR**

(*) The rates represent the arithmetic mean of current average Exchange rates announced by the NBP on the last day of each month during the periods from January to September of respectively: 2021 and 2020.

CONTENT

PART A – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF TOYA S.A. CAPITAL GROUP	4
PART B – OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT	27
PART C – CONDENSED INTERIM STAND-ALONE FINANCIAL STATEMENTS OF TOYA S.A.....	32

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

PART A – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF TOYA S.A. CAPITAL GROUP**Consolidated statement of financial position**

	Note	30 September 2021 unaudited	31 December 2020
ASSETS			
Property, plant and equipment	5	37,762	26,487
Intangible assets		4,019	3,867
Right-of-use assets	6	33,184	33,808
Goodwill	7	808	751
Other receivables		51	52
Deferred income tax assets	16	4,840	3,569
Non-current assets		80,664	68,534
Inventory	8, 16	283,551	219,351
Trade and other receivables	9, 16	111,964	73,096
Cash and cash equivalents	10	21,242	33,961
Current assets		416,757	326,408
Total assets		497,421	394,942
EQUITY AND LIABILITIES			
Share capital	12	7,504	7,504
Share premium		35,677	35,677
Reserve capital		329	329
Exchange differences from translating foreign entities		8,393	3,556
Other capitals		(194)	(194)
Retained earnings		229,802	190,861
Equity per shareholders of the Parent Company		281,511	237,733
Total equity		281,511	237,733
Liabilities from loans	14	15,559	4,360
Lease liabilities		20,440	22,741
Deferred income tax liability		936	-
Liabilities from employee benefits		633	633
Other long-term liabilities		39	39
Total long-term liabilities		37,607	27,773
Trade and other payables	15	132,152	76,834
Liabilities from employee benefits	16	10,305	9,591
Liabilities from loans	14	17,199	27,141
Lease liabilities		9,444	8,048
Liabilities from current income tax		7,552	6,340
Provisions	16	1,651	1,482
Total short-term liabilities		178,303	129,436
Total liabilities		215,910	157,209
Total equity and liabilities		497,421	394,942

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

	Note	9 months period ended 30 September		3 months period ended 30 September	
		2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Revenue from sales of goods	18, 19	511,998	384,963	169,279	128,850
Cost of goods and materials sold	18, 20	(338,939)	(247,918)	(112,648)	(84,152)
Gross sales profit		173,059	137,045	56,631	44,698
Selling costs	20	(67,395)	(61,895)	(22,421)	(20,188)
Administrative expenses	20	(27,247)	(17,885)	(9,667)	(5,551)
Expected credit losses		57	(1,034)	(197)	(3)
Other operating revenue		282	2,172	(72)	(15)
Other operating expenses		(1,699)	(665)	(686)	(340)
Operating profit		77,057	57,738	23,588	18,601
Financial income		80	73	26	8
Financial expenses		(1,117)	(1,254)	(345)	(422)
Profit before tax		76,020	56,557	23,269	18,187
Income tax		(15,317)	(10,751)	(4,754)	(3,330)
Net profit		60,703	45,806	18,515	14,857
Other comprehensive income that may be reclassified to profit or loss					
Foreign operations currency translation differences		4,837	3,076	4,131	739
Other net comprehensive income		4,837	3,076	4,131	739
Total net comprehensive income for the period		65,540	48,882	22,646	15,596
Net profit for the year attributable to:					
Shareholders of the Parent Company		60,703	45,806	18,515	14,857
Non-controlling interests		-	-	-	-
Other comprehensive income attributable to:					
Shareholders of the Parent Company		4,837	3,076	4,131	739
Non-controlling interests		-	-	-	-
Total comprehensive income for the year attributable to:					
Shareholders of the Parent Company		65,540	48,882	22,646	15,596
Non-controlling interests		-	-	-	-

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

Earnings per share

		9 months period ended 30 September		3 months period ended 30 September	
		2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Basic earnings per share in PLN	13	0.81	0.61	0.25	0.20
- from continuing operations		0.81	0.61	0.25	0.20
- from discontinued operations		-	-	-	-
Diluted earnings per share in PLN	13	0.81	0.61	0.25	0.20
- from continuing operations		0.81	0.61	0.25	0.20
- from discontinued operations		-	-	-	-

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

Consolidated statement of changes in equity

	Share capital	Share premium	Reserve capital	Exchange differences from translating foreign entities	Other capitals	Retained earnings	Attributable to shareholders of the Parent Company	Total equity
As at 1 January 2021	7,504	35,677	329	3,556	(194)	190,861	237,733	237,733
Comprehensive income							-	-
Net profit	-	-	-	-	-	60,703	60,703	60,703
Other comprehensive income	-	-	-	4,837	-		4,837	4,837
Total comprehensive income	-	-	-	4,837	-	60,703	65,540	65,540
Dividend paid						(21,762)	(21,762)	(21,762)
Transactions with owners						(21,762)	(21,762)	(21,762)
Total changes in equity	-	-	-	4,837	-	38,941	43,778	43,778
As at 30 September 2021	7,504	35,677	329	8,393	(194)	229,802	281,511	281,511
As at 1 January 2020	7,504	35,677	16,034	(890)	(147)	170,251	228,429	228,429
Comprehensive income								-
Net profit						45,806	45,806	45,806
Other comprehensive income				3,076			3,076	3,076
Total comprehensive income	-	-		3,076	-	45,806	48,882	48,882
Dissolution of reserve capital for the purchase of own shares			(15,705)			15,705	-	-
Dividend declared			-			(60,034)	(60,034)	(60,034)
Transactions with owners	-	-	(15,705)	-	-	(44,329)	(60,034)	(60,034)
Total changes in equity	-	-	(15,705)	3,076	-	1,477	11,152	11,152
As at 30 September 2020	7,504	35,677	329	2,186	(147)	171,728	217,277	217,277

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Consolidated cash flow statement

	Note	9 months ended 30 September	
		2021	2020
Cash flows from operating activities			
Profit before tax		76,020	56,557
Adjustments for:			
Amortization and depreciation		10,567	8,148
Net interest		1,023	1,129
Profit/Loss on investing activities		58	50
Foreign exchange gains/losses		1,075	566
Changes in balance sheet items:			
Change in trade and other receivables	11	(47,897)	103
Change in inventories	11	(59,721)	7,225
Change in provisions	11	160	230
Change in trade and other payables	11	61,994	30,686
Change in employee benefit liabilities	11	453	(114)
Cash from activities		43,732	104,580
Income tax paid		(14,209)	(9,763)
Net cash from operating activities		29,523	94,817
Cash flows from investing activities			
Sale of property, plant and equipment		59	68
Purchases of property, plant and equipment and intangible assets		(14,893)	(7,653)
Interest received		80	73
Net cash from investing activities		(14,754)	(7,512)
Cash flows from financing activities			
Proceeds from loans		10,617	-
Repayments of loans		(9,371)	(50,817)
Repayment of lease liabilities		(6,680)	(7,813)
Interest paid on loans		(183)	(405)
Interests paid on leases		(909)	(700)
Dividend paid		(21,762)	-
Net cash from financing activities		(28,288)	(59,735)
Net change in cash and cash equivalents		(13,519)	27,570
Balance sheet change in cash and cash equivalents		(12,719)	29,319
- effect of translation of cash and cash equivalents		800	1,749
Cash and cash equivalents at the beginning of the period	10	33,961	17,460
Cash and cash equivalents at the end of the period	10	21,242	46,779

Explanatory notes to condensed interim consolidated financial statements

1. General information

TOYA S.A. (the "Company" or the "Parent Company") is a joint stock company established under the Commercial Companies Code. The Company has its registered office in Wrocław at ul. Sołtysowicka 13-15. The Company's shares are publicly traded.

The Company is entered into the Commercial Register maintained by the District Court for Wrocław-Fabryczna, 6th Commercial Division under entry No KRS 0000066712. The Company's Statistical Identification Number (REGON) is 932093253.

The duration of the Company is unlimited.

The core business activities of TOYA S.A. and TOYA S.A. CAPITAL GROUP include import and distribution of industrial goods, including primarily hand and power tools for professional and DIY use.

In the period from 1 January to 30 September 2021, the Management Board of the Parent Company was composed of the following members:

- Grzegorz Pinkosz President of the Management Board;
- Maciej Lubnauer Vice-President of the Management Board.

In the period from 1 January to 30 September 2021 and as of the date of approval of these financial statements, the Supervisory Board of the Parent Company was composed of the following members:

- Piotr Mondalski President of the Supervisory Board;
- Jan Szmidt Vice-President of the Supervisory Board;
- Dariusz Górka Member of the Supervisory Board;
- Michał Kobus Member of the Supervisory Board;
- Grzegorz Maciąg Member of the Supervisory Board;
- Wojciech Bartłomiej Papierak Member of the Supervisory Board;
- Beata Szmidt Member of the Supervisory Board.

These condensed interim consolidated financial statements of the Group cover the period of 9 months ended on 30 September 2021. Comparative data is presented:

- as at 31 December 2020 - for the interim consolidated statement of financial position;
- for the periods from 1 January 2020 to 30 September 2020 and from 1 July 2020 to 30 September 2020 - for the interim consolidated statement of profit or loss and other comprehensive income;
- for the periods from 1 January 2020 to 30 September 2020 - for the interim consolidated statement of cash flows;
- for the periods from 1 January 2020 to 30 September 2020 - for the interim consolidated statement of changes in equity.

These condensed interim consolidated financial statements of the Group for 9 months period ended 30 September 2021 were approved for publication by the Management Board on 5 November 2021.

The Company has also prepared the condensed interim stand-alone financial statements for the 9 months period ended 30 September 2021, which was approved for publication by the Management Board on 5 November 2021.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

2. Capital group structure

As at 30 September 2021, the Group comprised the following entities:

Entity name	Registered office	Business profile	Type of equity link	% of shares and votes held	Date of assuming control	Method of consolidation as at the end of the reporting period
TOYA S.A.	Wrocław, Poland	Distribution of hand and power tools	Parent Company	Not applicable	Not applicable	Not applicable – Group's Parent Company
Toya Romania S.A.	Bucharest, Romania	Distribution of hand and power tools	Subsidiary	99.99	November 2003	Full consolidation method
Yato Tools (Shanghai) Co., Ltd	Shanghai, China	Distribution of hand and power tools	Subsidiary	100.00	January 2013	Full consolidation method
Yato Tools (Jiaxing) Co., Ltd	Baibu Town, China	Distribution of hand and power tools	Subsidiary	100.00	December 2019	Full consolidation method

In the period from 1 January to 30 September 2021, there were no changes in the structure of the Group.

3. Summary of significant accounting policies

3.1 Basis for preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 „Interim Financial Reporting” approved by the EU.

They should be read jointly with the annual consolidated financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (called „IFRS”) and interpretations issued by International Accounting Standards Board approved by European Union (called „EU”).

Going concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Group will continue as going concerns in the foreseeable future.

3.2 Accounting policies

The accounting principles are consistent with the principles applied in the annual consolidated financial statements for the financial year ended 31 December 2020, except for the adoption of new and amended standards, as described below.

3.3 Effect of new or amended standards and interpretations on the Group's consolidated financial statements

These financial statements were prepared on the basis of IFRS approved by the EU, issued and effective for reporting periods beginning on or after 1 January 2021.

a) New standards, interpretations and amendments to existing standards effective in 2021

• Amendments to IFRS 16 Leases - Covid-19-related Rent Concessions

The changes allow lessees not to assess whether the Covid-19 rent reliefs are a modification to their lease agreements. Therefore, under the appropriate conditions, lessees who apply a practical solution, will recognize the rent reliefs received until 30 June 2021 in profit or loss for the period in which the relief was granted. In the absence of a practical solution, the tax relief would be recognized in profit and loss over the term of the lease agreement.

The above changes did not affect the Group's consolidated financial statements as the Group did not receive any reductions in rents related to Covid-19.

• 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

The purpose of the amendments is to make it easier for entities to prepare financial statements in accordance with IFRS and provide users of financial statements with useful information in a situation where, due to a change in the reference rate ratio, there is a change in contractual cash flows or hedging relationships. The amendments provide for a practical solution for some changes in contractual cash flows and an exemption for certain hedge accounting requirements.

The amendments do not have a significant impact on the Group's consolidated financial statements.

• Amendments to IFRS 4 Insurance contracts

The amendments extend by two years the period of temporary exemption from the application of IFRS 9 Financial Instruments, until annual periods beginning on 1 January 2023, in order to align with the first application of IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts.

The amendments do not have a significant impact on the Group's consolidated financial statements.

b) New standards, interpretations and amendments, which are not yet effective and have not been applied early by the Group

Standards and Interpretations - approved by the EU, which have not yet come into force for annual periods beginning on 1 January 2021

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the consolidated financial statements</i>
<p><i>Amendments to IFRS 3 Business combinations, IAS 16 Property, plant and equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements – 2018-2020 cycle (all issued on 14 May 2020)</i></p> <p><i>(Effective for annual periods beginning on or after 1 January 2022, with early adoption permitted)</i></p>	<p>The package of changes includes three narrow scope changes to the standards:</p> <ul style="list-style-type: none"> • updates the reference in IFRS 3 Business Combinations to the <i>Conceptual Framework for the Preparation and Presentation of Financial Statements</i>, without changing the accounting requirements for accounting for business combinations, • prohibits entities from reducing the cost of property, plant and equipment by amounts obtained from the sale of assets produced in the period when the entity prepares an item of property, plant and equipment for its intended use. Such income and the related costs will be recognized in profit or loss for the period, • explains which costs the entity uses in assessing whether a given contract will generate a loss. <p>The package also includes Annual Improvements to the International Financial Reporting Standards (2018-2020 cycle), which clarify the terms used and adjust minor inconsistencies, or omissions between</p>	<p><i>The above Amendments are not expected to have a significant impact on the consolidated financial statements of the Group.</i></p>

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the consolidated financial statements</i>
	the requirements of the standards in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative examples in IFRS 16 Leases.	

Standards and Interpretations awaiting EU endorsement

<i>Standards and Interpretations awaiting EU endorsement</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>Sale or Transfer of Assets between an Investor and an Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures)</i></p> <p><i>(The European Commission has decided to defer approval of these changes indefinitely)</i></p>	<p>The amendments clarify that in case of a transaction with an associate or joint venture, the extent to which the gain or loss related to the transaction should be recognized depends on whether the transferred or sold assets constituted a business:</p> <ul style="list-style-type: none"> the entire profit or loss is recognized if the transferred assets meet the definition of a business (regardless of whether the business is a subsidiary or not); part of the profit or loss is recognized when the transaction concerns assets that do not constitute a business, even if these assets were held by a subsidiary. 	<p><i>The Company does not expect the Amendments to have a significant impact on its financial statements as the Company does not have any associates or joint ventures.</i></p>
<p><i>IFRS 17 Insurance contracts</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, prospective adoption, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>IFRS 17 replaces the transitional standard IFRS 4 Insurance Contracts, which was introduced in 2004. IFRS 4 gave entities the option of continuing to recognize insurance contracts in accordance with the accounting principles of national standards, which resulted in the application of many different solutions in practice.</p> <p>IFRS 17 addresses the comparability problem created by IFRS 4, by requiring all insurance contracts to be recognized consistently, which will benefit both investors and insurers. Liabilities arising from contracts will be recognized at present values, instead of historical cost.</p>	<p><i>The Company does not expect the Standard to have a significant impact on its financial statements as the Company does not operate in the insurance industry.</i></p>
<p><i>Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>The amendments clarify that the presentation of liabilities as short-term or long-term should be based only on the Company's right to defer settlement of a given liability as at the reporting date. The right to defer settlement of the liability for at least 12 months from the reporting date need not be unconditional, but it must be substantial. The above presentation is not affected by the intentions or expectations of the Company's management as to the exercise of this right or as to the date on which it should take place. The amendments also provide explanations as to the events that are considered to be the settlement of obligations</p>	<p><i>The above Amendments are not expected to have a significant impact on the financial statements of the Company.</i></p>
<p><i>Amendments to IAS 1 Presentation of Financial Statements</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>Amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies.</p>	<p><i>The above Amendments are not expected to have a significant impact on the Company's financial statements.</i></p>

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

<i>Standards and Interpretations awaiting EU endorsement</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<i>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</i> <i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i> <i>The standard has not yet been approved by the EU.</i>	The amendments introduce definitions of an estimate and contain other amendments to IAS 8 explaining how to distinguish a change in accounting policy from changes in estimates. This distinction is very important because changes in accounting policies are generally applied retrospectively, while changes in estimates are recognized in the period in which the changes occur.	<i>The above Amendments are not expected to have a significant impact on the Company's financial statements.</i>

In these condensed interim consolidated financial statements, the Group has not decided to adopt earlier any standard, interpretation or amendment that has been published but has not yet come into force in the light of European Union regulations.

4. Seasonality

The Group's offer is aimed at the consumer market, which is sensitive to the seasons and weather conditions. However seasonality practically does not exist now. This is the result of the implemented policy of introducing a new assortment to the offer, adapted to the seasons, as well as the result of continuous improvement of logistics processes. The fact that the Group is present on both the European and Asian markets and takes advantage of the changing demand on these markets, for cultural and climatic reasons observed at the same time, is also significant for the disappearance of seasonality.

5. Property, plant and equipment

	30 September 2021 unaudited	31 December 2020
Land	2,907	2,907
Buildings and structures	9,401	9,709
Plant and equipment	4,293	4,961
Vehicles	732	1,047
Other	7,849	7,125
Total	25,182	25,749
Property, plant and equipment not transferred for use	12,580	738
Total property, plant and equipment	37,762	26,487

In the item "other", the Group mainly includes storage and display shelves as well as furniture for offices and warehouses.

In the period from 1 January to 30 September 2021, the gross value of property, plant and equipment increased by PLN 14,037 thousand, mainly due to the continued construction of a new warehouse by the subsidiary in China, purchase of IT equipment and storage and display shelves by the Parent Entity and a company in Romania. Fixed assets with a net book value of PLN 57 thousand were liquidated. Depreciation of property, plant and equipment recognized in profit or loss amounted to PLN 3,365 thousand. Other changes result from differences from the translation of foreign entities.

6. Right-of-use assets

	30 September 2021 unaudited	31 December 2020
Land	6,711	6,431
Buildings and structures	17,940	22,980
Plant and equipment	2,135	640
Vehicles	6,398	3,757
Total	33,184	33,808

The increase in right-of-use assets was mainly due to:

- commissioning of additional forklifts with an initial value of PLN 1,549 thousand, as a result of the concluded forklift lease agreement;
- conclusion of a passenger car lease agreement, as a result of which rights-of-use assets were recognized in the amount of PLN 2,233 thousand.. At the same time, the current passenger car lease agreement was terminated, as a result of which assets with a gross value of PLN 1,236 thousand were liquidated (PLN 2 thousand net);
- concluding a server lease agreement, as a result of which rights-of-use assets were recognized in the amount of PLN 1,775 thousand;
- indexation of the warehouse lease agreement in the amount of PLN 33 thousand;
- conclusion of a perpetual usufruct right purchase agreement in the amount of PLN 27 thousand.

Depreciation of the right-of-use assets recognized in profit or loss amounted to PLN 6,580 thousand. Other changes result from differences from the translation of foreign entities.

7. Goodwill

Goodwill amounting to PLN 808 thousand includes only the goodwill resulting from the acquisitions of Yato Tools (Shanghai) Co. Ltd. in 2013. In 2021, goodwill increased by PLN 57 thousand as a result of exchange rate differences.

8. Inventory

	30 September 2021 unaudited	31 December 2020
Goods for resale at warehouse and in transit	282,510	218,191
Asset for expected returns from customers	1,041	1,160
Total inventory (per balance sheet)	283,551	219,351
Revaluation write-down for goods for resale	3,186	2,994
Total inventory (gross)	286,737	222,345

Creation and reversal of inventory write-down is recognized in profit or loss and presented as "cost of goods sold".

In accordance with IFRS 15, in the item "assets for expected returns from customers", the Company presents the value of goods which may be expected to be returned from customers after the end of the reporting period.

The table below presents changes in revaluation write-downs on inventory:

	2021	2020
As at 1 January	2,994	2,557
Increase	458	618
Reversal/utilisation	(258)	(253)
Currency translation differences	(8)	72
As at 30 September / 31 December	3,186	2,994

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

9. Trade and other short-term receivables

	30 September 2021 unaudited	31 December 2020
Trade receivables from related parties	1	1
Trade receivables from third parties	72,059	60,303
Total trade receivables	72,060	60,304
Taxes, custom duties and social security receivables	17,561	8,344
Other receivables from third parties	1,954	502
Advances for deliveries of goods for resale	17,849	4,923
Advances for deliveries of property, plant and equipment	4,082	-
Prepayments and deferred costs	1,515	2,239
Total gross receivables	115,021	76,312
Allowance for the expected credit losses on trade receivables	(3,002)	(3,142)
Impairment write-downs of other receivables	(55)	(74)
Total net receivables	111,964	73,096

The Group applies a simplified approach and measures the allowance in an amount equal to the expected credit losses throughout the life cycle using the provision matrix.

Changes in the allowance for the expected credit losses of trade receivables are presented in the table below:

	2021	2020
Opening balance of the allowance for the expected credit losses	3,142	4,655
Write-offs included in the financial result	162	764
Reversal of unused write-offs	(219)	(1,207)
Receivables written off as uncollectible	(138)	(1,160)
Currency translation differences	55	90
As at 30 September / 31 December	3,002	3,142

10. Cash and cash equivalents

	30 September 2021 unaudited	31 December 2020
Cash in hand and at bank	21,242	33,961
Total cash and cash equivalents	21,242	33,961

11. Additional explanation to the cash flow statement

Reconciliation of changes in balance sheet items as shown in the statements of financial position and in the statements of cash flows:

3 months ended on 30 September 2021	Adjustments		Change in statement of cash flows	
	Balance sheet change	Measurement of cash in foreign currencies		Effect of currency translation of foreign entities
Change in trade and other receivables	(38,867)	-	(9,030)	(47,897)
Change in inventories	(64,200)	-	4,479	(59,721)
Change in provisions	169	-	(9)	160
Change in trade and other payables	55,318	-	6,676	61,994
Change in employee benefit liabilities	714	-	(261)	453
Change in cash	(12,719)	(800)		(13,519)

9 months ended on 30 September 2021	Adjustments		Change in statement of cash flows	
	Balance sheet change	Measurement of cash in foreign currencies		Effect of currency translation of foreign entities
Change in trade and other receivables	(1,328)	-	1,431	103
Change in inventories	5,692	-	1,533	7,225
Change in provisions	244	-	(14)	230
Change in trade and other payables	32,704	-	(2,018)	30,686
Change in employee benefit liabilities	3	-	(117)	(114)
Change in cash	29,319	(1,749)	-	27,570

12. Share capital

As at 30 September 2021, the share capital amounts to PLN 7,504,222.60 and comprises 75,042,226 shares with a par value of PLN 0.1 each.

In the period from 1 January to 30 September 2021, there were no changes in the amount of share capital.

13. Earnings per share

	9 months ended 30 September		3 months ended 30 September	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
Net profit attributable to the shareholders of the Parent Company	60,703	45,806	18,515	14,857
Weighted average number of ordinary shares ('000)	75,042	75,042	75,042	75,042
Basic net profit per share (PLN)	0.81	0.61	0.25	0.20
Net profit attributable to ordinary shareholders used to calculate diluted earnings per share	60,703	45,806	18,515	14,857
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	75,042	75,042	75,042	75,042
Diluted earnings per share from continuing operations (PLN)	0.81	0.61	0.25	0.20

Basic earnings per share were calculated by dividing the net profit by the weighted average number of ordinary shares during the period.

In the periods from 1 January to 30 September 2021 and 2020 the Group had no potential dilutive instruments.

14. Loans and borrowings liabilities

	30 September 2021 unaudited	31 December 2020
Long-term bank loans an borrowings liabilities	15,559	4,360
Short-term bank loans an borrowings liabilities	17,199	27,141
Total bank loans an borrowings liabilities	32,758	31,501

As at 30 September 2021, the Group did not default on its debt repayment obligations or on any other of its obligations under loan agreements in a manner which would result in an acceleration of debt repayment.

Working capital loan agreements provide that the borrower maintains the financial debt ratios at the agreed level throughout the loan period. If the condition of maintaining the ratios at the level specified by the bank is not met, the bank has the right to terminate the loan agreements.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

Characteristics of credit agreements:

Object and value of agreement	Name of the Bank / covering bonds / granting loans	Loan amount as per agreement as at 30 September 2021	Amount outstanding as at 30 September 2021	Amount outstanding as at 31 December 2020	Current interest rate	Date of expiry
1. Overdraft facility agreement No BDK/KR-RB/000054601/0641/10 of 22 December 2010	Bank Handlowy w Warszawie S.A.	40,000	9,803	8,555	WIBOR 1 M + bank's margin	17 December 2021
2. Overdraft credit facility agreement No 09/030/19/Z/VV	mBank S.A. with its registered office in Warsaw	40,000	7,722	8,585	WIBOR 1 T + bank's margin	30 March 2023
3. Overdraft credit facility agreement No WAR/8833/20/326/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	25,000	1,498	10,001	WIBOR 1 M + bank's margin	30 September 2022
4. Non-revolving loan agreement no WAR/8833/20/327/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	24,000	13,735	4,360	WIBOR 1 M + bank's margin	30 September 2023
Total liabilities, of which:		129,000	32,758	31,501		
– short-term portion		65,000	17,199	27,141		
– long-term portion		64,000	15,559	4,360		

15. Trade and other payables

	30 September 2021 unaudited	31 December 2020
Trade payables to related parties	-	-
Trade payables to third parties	115,019	64,548
Total trade payables	115,019	64,548
Tax liabilities	8,186	6,156
Liability due to expected goods returns	1,801	2,014
Prepayments received for deliveries	6,159	3,715
Other payables to third parties	289	401
Deferred revenue	698	-
Total other current payables	17,133	12,286
Total	132,152	76,834

16. Changes in estimates

16.1 Inventory write-down

In the 3rd quarter of 2021 the Group has increased the inventory write-down by the amount of PLN 328 thousands. Cumulatively from the beginning of 2021, the write-down has been increased by PLN 192 thousand.

In the 3rd quarter of 2020 the Group has increased the inventory write-down by the amount of PLN 33 thousands. Cumulatively from the beginning of 2020, the write-down has been increased by PLN 93 thousand.

16.2 Write-off for expected credit losses on receivables

In the 3rd quarter of 2021 the Group has increased the write-off due to expected credit losses related to trade receivables by the amount of PLN 97 thousands. Cumulatively from the beginning of 2021, the write-down has been decreased by PLN 140 thousand.

In the 3rd quarter of 2020 the Group has increased the write-off due to expected credit losses related to trade receivables by the amount of PLN 6 thousands. Cumulatively from the beginning of 2020, the write-down has been increased by PLN 1,106 thousand. The increase in the write-down in the current period was mainly the result of the assessment that the risk of non-payment of receivables is higher in the current situation of the global pandemic.

16.3 Provision for guarantees

In the 3rd quarter of 2021 the Group has decreased the guaranty provision by the amount of PLN 147 thousands (cumulatively from the beginning of 2021, the write-down has been increased by PLN 169 thousand).

In the 3rd quarter of 2020 the Group has decreased the guaranty provision by the amount of PLN 10 thousands (cumulatively from the beginning of 2020, the write-down has been increased by PLN 244 thousand).

16.4 Employee benefits obligations

In the 3rd quarter of 2021 the Group has decreased the unused holidays provision by the amount of PLN 533 thousands (cumulatively from the beginning of 2021, the write-down has been increased by PLN 9 thousand).

In the 3rd quarter of 2020 the Group has decreased the unused holidays provision by the amount of PLN 345 thousands (cumulatively from the beginning of 2020, the write-down has been increased by PLN 151 thousand).

16.5 Deferred tax

Deferred tax asset has increased in the 3rd quarter of 2021 by PLN 203 thousand, mainly as a result of recognition of provisions for expected returns of goods and rebates for customers. Cumulatively from the beginning of 2021, the asset has been increased by PLN 1,495 thousand, mainly as a result of created provisions recognized in liabilities.

Deferred tax asset has increased in the 3rd quarter of 2020 by PLN 769 thousand. Cumulatively from the beginning of 2020, the asset has been increased by PLN 1,711 thousand, mainly as a result of created provisions recognized in liabilities.

According to the Management Board, there is no risk that the deferred tax asset could not be realized.

17. Fair value

Book value of financial assets and liabilities approximates their fair value. In the third quarter of 2021, there were no changes in the business conditions and economic situation that would affect the fair value of financial assets and liabilities.

18. Operating segments

The Management Board of the Parent Company makes decisions related to the Group's operations from the perspective of distribution channels and geographical coverage.

The Group specifies four operating and reporting segments for its activities:

- sales on local markets (Poland, Romania) to retail networks;
- sales on local markets (Poland, Romania and China) – wholesale market;
- export sales;
- retail sales.

As part of the retail networks segment, the Group cooperates with large retail networks throughout Poland and Romania. Wholesale on all markets where the Group holds its entities is conducted through a network of wholesalers, authorised retail stores and sales representatives. Foreign markets are supported using sales department of the Parent Company and subsidiaries Yato Tools (Shanghai) Co. Ltd. and Yato Tools (Jiaxing) Co. Ltd. As part of retail sales, sales are mainly realized through an online store and online sales platforms.

Data analysed by the Management Board of the Parent Company for segment description is consistent with the data disclosed in the statement of comprehensive income.

The Group did not record revenue from sale to a single external customer exceeding 10% of total sales revenue.

As at 30 September 2021, the Group's assets amounted to PLN 497,421 thousand, and the Group's liabilities amounted to PLN 215,910 thousand and were related only to trading activities. The Management Board of the Parent Company does not examine the assets of the Group for each segment separately.

The Parent Company has no non-current assets located abroad. Non-current assets of the subsidiaries are located outside of Poland. The net value of property, plant and equipment located in Romania as at 30 September 2021 is PLN 5,845 thousand and located in China is PLN 14,860 thousand.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

9 months ended 30 September 2021	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	TOTAL
Sales revenue					
Sales to external customers	179,901	244,393	56,608	31,096	511,998
Total segment revenue	179,901	244,393	56,608	31,096	511,998
Cost of goods sold					
Sales to external customers	(125,026)	(159,491)	(38,060)	(16,362)	(338,939)
Total costs of goods sold	(125,026)	(159,491)	(38,060)	(16,362)	(338,939)
Gross profit	54,875	84,902	18,548	14,734	173,059
Gross profit margin	31%	35%	33%	47%	34%
Gross profit - all operating segments					173,059

9 months ended 30 September 2020	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	TOTAL
Sales revenue					
Sales to external customers	123,947	178,795	56,113	26,108	384,963
Total segment revenue	123,947	178,795	56,113	26,108	384,963
Cost of goods sold					
Sales to external customers	(81,829)	(114,191)	(37,878)	(14,020)	(247,918)
Total costs of goods sold	(81,829)	(114,191)	(37,878)	(14,020)	(247,918)
Gross profit	42,118	64,604	18,235	12,088	137,045
Gross profit margin	34%	36%	32%	46%	36%
Gross profit - all operating segments					137,045

(*) mainly e-commerce sales

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

3 months ended 30 September 2021	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	TOTAL
Sales revenue					
Sales to external customers	61,216	78,884	20,584	8,595	169,279
Total segment revenue	61,216	78,884	20,584	8,595	169,279
Cost of goods sold					
Sales to external customers	(42,125)	(51,811)	(14,272)	(4,440)	(112,648)
Total costs of goods sold	(42,125)	(51,811)	(14,272)	(4,440)	(112,648)
Gross profit	19,091	27,073	6,312	4,155	56,631
Gross profit margin	31%	34%	31%	48%	33%
Gross profit - all operating segments					56,631

3 months ended 30 September 2020	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES (*)</i>	TOTAL
Sales revenue					
Sales to external customers	37,421	63,811	20,357	7,261	128,850
Total segment revenue	37,421	63,811	20,357	7,261	128,850
Cost of goods sold					
Sales to external customers	(25,738)	(40,753)	(13,730)	(3,931)	(84,152)
Total costs of goods sold	(25,738)	(40,753)	(13,730)	(3,931)	(84,152)
Gross profit	11,683	23,058	6,623	3,334	44,698
Gross profit margin	31%	36%	33%	46%	35%
Gross profit - all operating segments					44,698

(*) mainly e-commerce sales

19. Sales revenue

	9 months ended 30 September		9 months ended 30 September	
	2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Sales of goods for resale	511,998	384,963	169,279	128,850
Total sales revenue	511,998	384,963	169,279	128,850

The geographical structure of revenues from sales has been presented below:

	9 months ended		9 months ended		3 months ended		3 months ended	
	30 September 2021		30 September 2020		30 September 2021		30 September 2020	
	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share
Ukraine	31,953	6.2%	19,559	5.1%	12,526	7.4%	7,169	5.6%
Baltic countries	16,409	3.2%	12,597	3.3%	5,385	3.2%	4,425	3.4%
Belarus	13,793	2.7%	10,418	2.7%	5,760	3.4%	3,867	3.0%
Hungary	13,394	2.6%	11,830	3.1%	3,881	2.3%	3,528	2.7%
Czech Republic	9,956	1.9%	8,958	2.3%	2,384	1.4%	2,835	2.2%
Germany	7,280	1.4%	5,744	1.5%	1,807	1.1%	1,658	1.3%
Russia	6,503	1.3%	6,175	1.6%	2,208	1.3%	2,498	1.9%
Europe – other EU countries	23,448	4.6%	8,489	2.2%	6,787	4.0%	2,805	2.2%
Europe – other non-EU countries	12,545	2.5%	9,337	2.4%	4,184	2.5%	2,437	1.9%
Africa	6,421	1.3%	8,997	2.3%	1,901	1.1%	317	0.2%
South and Central America	20,038	3.9%	10,432	2.7%	8,007	4.7%	2,333	1.8%
Asia	17,744	3.4%	11,160	2.9%	6,226	3.7%	3,401	2.7%
Australia and Oceania	417	0.1%	251	0.1%	160	0.1%	148	0.1%
Total export	179,901	35.1%	123,947	32.2%	61,216	36.2%	37,421	29.0%
Poland	252,179	49.3%	203,938	53.0%	82,649	48.8%	69,822	54.2%
Romania	55,126	10.8%	40,271	10.4%	18,617	11.0%	16,006	12.5%
China	24,792	4.8%	16,807	4.4%	6,797	4.0%	5,602	4.3%
Total sales revenue	511,998	100.0%	384,963	100.0%	169,279	100.0%	128,851	100.0%

20. Costs by type and cost of goods for resale sold

	9 months ended 30 September		3 months ended 30 September	
	2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Amortisation and depreciation	10,567	8,148	3,620	3,237
Material and energy consumption	4,529	3,220	1,780	1,112
Third-party services, including:	23,045	20,054	7,583	6,052
<i>costs of transportation</i>	7,862	6,828	2,636	2,191
<i>logistics services (external warehouses)</i>	-	1,977	-	47
<i>IT, telecommunications and postal costs</i>	1,777	1,440	614	466
<i>online sales platform access services</i>	2,941	2,025	830	602
<i>short-term rental and service charges related to leasing contracts</i>	3,221	2,711	1,152	1,143
<i>legal, audit and consulting costs</i>	2,297	1,476	1,014	693
<i>other third-party services</i>	4,947	3,597	1,337	910
Taxes and fees	1,286	1,026	456	338
Costs of employee benefits, including:	46,817	38,978	15,477	12,778
<i>Salaries</i>	39,329	33,576	12,905	10,938
<i>Social security</i>	6,304	4,742	2,184	1,616
<i>Employee capital plans</i>	98	99	30	29
<i>Other</i>	1,086	560	358	194
Other costs by type	8,398	8,355	3,172	2,223
Value of goods for resale and materials sold	338,939	247,918	112,648	84,152
Total costs by type and value of goods for resale sold	433,581	327,699	144,736	109,892
Selling costs, including:	67,395	61,895	22,421	20,188
<i>amortisation and depreciation</i>	8,404	5,792	2,934	2,006
<i>costs of employee benefits</i>	27,864	27,065	6,290	9,614
Administrative expenses, including:	27,247	17,885	9,667	5,551
<i>amortisation and depreciation</i>	2,163	2,356	686	1,231
<i>costs of employee benefits</i>	18,954	11,912	9,188	3,162
Value of goods for resale sold	338,939	247,918	112,648	84,152
Total	433,581	327,698	144,736	109,891

21. Financial guarantees granted and received

As at 30 September 2021, the Group had the following guarantees:

No	Counterparty	Type of guarantee	Subject matter and value	Date of expiry
1	Bank Handlowy w Warszawie S.A.	Guarantee of payment for the lease of warehouses in Nadarzyn	Bank guarantee in the amount of EUR 429,980	28 February 2022
2	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.	Contract on granting a customs debt guarantee	The security for repayment of custom debts, taxes and other fees associated with goods released into free circulation based on customs declaration, in the amount of PLN 270,000	31 December 2021
3	BRD Groupe Societe Generale	Guarantee of payment for warehouse rental in Bucharest	Bank guarantee in the amount of EUR 232,686	3 August 2022

On 12 June 2019, TOYA S.A. granted a guarantee of payment of liabilities arising from warehouse and office rental agreement by Toya Romania S.A. to the landlord up to the amount of EUR 115 thousand. The lease agreement was concluded on 8 February 2019 and covers a period of 10 years, with the option of changing this period. The warranty expires 3 months after the date of termination of the lease.

22. Contingent assets and liabilities

As at 30 September 2021, the Group had no significant contingent liabilities or contingent assets.

23. Transactions with related entities

In the periods from 1 January to 30 September 2021 and 2020, the Group effected transactions with the following related parties:

- Toya Development Sp. z o.o. S.K. in liquidation – entity related through key management personnel,
- Grzegorz Pinkosz – President of the Management Board – key management personnel,
- Maciej Lubnauer – Vice-President of the Management Board – key management personnel,
- Piotr Mondalski – President of the Supervisory Board – key management personnel,
- Jan Szmidt – Vice-President of the Supervisory Board – key management personnel,
- Dariusz Górka – Member of the Supervisory Board – key management personnel,
- Grzegorz Maciąg – Member of the Supervisory Board – key management personnel,
- Michał Kobus - Member of the Supervisory Board – key management personnel,
- Wojciech Bartłomiej Papierak - Member of the Supervisory Board – key management personnel,
- Beata Szmidt - Member of the Supervisory Board – key management personnel.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

Statement of transactions and balances with related entities:

	Trade and other receivables	Revenue from sales of goods	Purchase of goods and services	Salaries
	30.09.2021		1.01.2021 - 30.09.2021	
Entities related through key management personnel	1	6	-	-
Key management personnel	-	-	-	2,777
Total	1	6	-	2,777
	31.12.2020		1.01.2020 - 30.09.2020	
Entities related through key management personnel	1	14	6	-
Key management personnel	-	-	-	2,284
Total	1	14	6	2,284

Related party transactions are entered into on arm's length terms in the course of the Group's day-to-day operations.

24. Material events subsequent to the end of reporting period

24.1 Contribution to the share capital of Yato Tools (Jiaying) Co. Ltd.

On 6 October 2021, the Parent Company made a payment of USD 1,400 thousand (PLN 5,607 thousand) for the share capital of Yato Tools (Jiaying) Co. Ltd.

PART B – OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

1. Description of significant events in the third quarter of 2021

1.1 Contribution to the share capital of Yato Tools (Jiaying) Co. Ltd.

On 26 July 2021, the Parent Company made a payment of USD 1,400 thousand (PLN 5,449 thousand) for the share capital of Yato Tools (Jiaying) Co. Ltd.

1.2 Payment of dividend

On 13 August 2021, the dividend in the amount of PLN 21,762 thousand was paid. i.e. PLN 0.29 per share.

1.3 Annex to the overdraft agreement

On 15 September 2021, TOYA S.A. concluded an annex to the overdraft agreement WAR/8833/20/326/CB with BNP Paribas Bank Polska Spółka Akcyjna having its registered office in Warsaw. The subject of an annex was the extension of overdraft availability until 30 September 2022.

The remaining terms of the Agreement do not vary from standards commonly used for this type of agreements.

1.4 Annex to the overdraft facility agreement

On 28 September 2021, TOYA S.A. concluded annex no. 3 to Overdraft Facility Agreement No. 09/030/19/Z/VV with mBank S.A. with its registered office in Warsaw. Pursuant to this annex, the final repayment date of the credit was set for 30 March 2023.

The remaining conditions of the Agreement do not differ from those commonly used for this type of agreements.

1.5 Impact of the COVID-19 coronavirus pandemic on the Group's operations

The Group purchases goods from suppliers located in various parts of the world, but in particular in Asia. The spread of the COVID-19 coronavirus in that area in 2020 resulted in the periodic interruption of supplies of goods from that region. All Group subsidiaries followed the recommendations of local state authorities, including sanitary authorities, with regard to the protection of employees, their families and all contractors. Some operational processes have been modified to introduce sanitary regimes in line with the best knowledge and business practice. Remote work was introduced in the operational processes in which it was possible. The Group companies cooperated with all institutions and state authorities with the utmost care, in accordance with the applicable local legal regulations. In the third quarter of 2021, all companies belonging to the Group conducted normal operating activities.

2. Description of circumstances and events, particularly not typical that have significant impact on the financial result

Sales revenues of TOYA S.A. Capital Group for the three quarters of 2021 amounted to PLN 511,998 thousand, that is by 33% more than in the same period of 2020. Net profit of the Group for the three quarters of 2021 amounted to PLN 60,703 thousands as compared to PLN 45,806 thousands for three quarters of 2020.

Sales revenues in the 9-month period ended 30 September 2021 were higher than in the corresponding period of the previous year in all distribution channels. The largest increase in sales, by PLN 65,598 thousand (i.e. increase by 26.8%), was recorded in the wholesale channel. The highest sales growth dynamics was recorded by the export channel (increase by PLN 55,954 thousand, i.e. by 31.1%).

The Group's short-term receivables as at 30 September 2021 increased by 53%, and current liabilities increased by 72% compared to 31 December 2020. The main reason for the increase in receivables were advances paid for deliveries of goods by subsidiaries and advances paid for deliveries of fixed assets, in connection with the construction of a new warehouse in China. The increase in liabilities results directly from the higher level of orders for goods by subsidiaries in China, made mainly to increase the availability of goods in the entire Capital Group. At the same time, debt due to bank loans decreased slightly - by PLN 1,257 thousand, i.e. by 5%, as compared to 31 December 2020.

3. Statement of the Management Board regarding the possibility of realizing previously published forecasts of results for a given year, in the light of the results presented in the quarterly report in relation to the forecasted results

The Management Board of Toya S.A. had not published forecasts of the results of the Company or the Group for 2021.

4. Indication of factors which, in the issuer's opinion, will have an impact on the results achieved by the issuer in the perspective of at least the next quarter

The situation related to the COVID-19 pandemic in Poland, Europe and other regions of the world may affect the development of the Group's operations and its financial results in the next few quarters, may limit or even prevent its intensive development. The nature of the pandemic and its duration and severity vary from country to country. Local authorities perceive threats differently, using different methods to fight against the effects of the pandemic. The Group's development prospects depend on the speed of fighting the epidemic both on the local markets where the Group's companies operate, as well as on the global epidemic situation, which will affect the global economy in the near future. Due to the fact that the Group operates on geographically different markets, it is impossible to accurately estimate the effects for the Capital Group. However, if the governments of the countries, in which the Group operates, take decisions on significant restrictions in economic turnover (the so-called shutdown of the economy), a significant negative impact of these decisions on the sale of goods on these markets can be expected. However, the Group recognizes that the likelihood of such a scenario today is lower than it was a few months ago, although local restrictions covering a relatively small area of the country cannot be ruled out.

The Group estimates that the epidemic situation will affect the economic situation in the short and medium term, both globally and on the local markets where the Group's companies operate, which will result in a decrease in the purchasing power of households. Therefore, the demand for goods in the Group's portfolio may be significantly reduced in the short term. Due to the fact that the subsidiaries do not have as diverse distribution channels as the Parent Company, the effects of the economic downturn may be more visible for them.

The Group also notes that the economic recovery after the end of the most severe restrictions related to combating the pandemic, as well as political and economic changes (e.g. Brexit) observed recently, have caused disturbances on the market for the transport of goods between Asia and the rest of the world, which is manifested by a temporary shortage of containers. It is worth emphasizing, however, that when ordering the transport of its goods from this market, the Group also uses long-term contracts, which on the one hand minimizes the deficit of containers available to the Group, and on the other hand limits the growth rate of costs due to a significant increase in transport prices in short-term contracts. According to the Group's estimates, such situation will be observed for at least a few months.

The Group intends to conduct an extensive development program focused on various directions, although its implementation will depend on the effectiveness of the actions taken by institutions combating the COVID-19 coronavirus. This program is aimed at strengthening the market position, searching for new, attractive opportunities for expansion in the broadly understood market of industrial goods. The most important actions that the Group will take to implement the program and development prospects in the coming quarters are:

- Developing the capital group

The Capital Group is subject to continuous developments. The subsidiaries achieved good financial results in the third quarter of 2021, showing on one hand that the existing policy of supporting them brings good results, and on the other hand that they are ready for further intensive development, having good organizational and financial facilities.

A very important element of maintaining a competitive advantage on the market of consumer goods is proper management of the supply chain. Due to the constantly growing offer of goods and the need to maintain constant availability of goods at a high level, which is one of the key priorities of the Group, the companies participate in the process of reviewing the possibilities of optimizing logistics processes and, at the same time, expanding warehouse space.

A subsidiary of Yato Tools (Jiaxing) with its registered office in in the economic zone in Baibu Town, a town located in the Zhejiang province of the People's Republic of China, is in the process of constructing the Group's central warehouse in China. This warehouse will enable the Group to optimize the supply chain, by building a buffer between independent suppliers and the Group's customers, ensuring better adjustment of warehouse stocks to the changing demand. This is the Group's response to a clearly noticeable global trend related to e-commerce, which is growing faster and faster, at the expense of other sales channels, which increases the pressure on the speed and flexibility of deliveries. The subsidiary commissioned the construction of the warehouse to an independent operator, and the completion date is scheduled for the end of 2021. The registered capital of the company amounts to USD 8 million, of which the Parent Company (as the only shareholder) paid USD 7 million as at the date of publication of this report. The agreement provides for the possibility of increasing capital contribution by additional USD 7 million, leading to total involvement of the Parent Company in the development of Yato Tools (Jiaxing) in the amount of USD 15 million. Analytical work is currently underway to determine the final capital structure of this subsidiary.

In 2020, Toya Romania increased its warehouse space to over 7,000 square metres. This change enabled closer cooperation with existing customers, as well as expanding the range of products. The company will focus on acquiring new customers on this market and strengthening its market position.

The Parent Company also conducts analytical work aimed at optimizing logistics processes on the local market.

The above organizational changes will allow the Group to redefine the supply chain. This process will be spread over the next few quarters.

- Developing the export channel

The Group systematically increases the number of customers and strengthens its position on many local European markets, taking advantage of the good economic situation. The countries of Eastern Europe as well as Hungary, Czech Republic and Germany have been the largest geographical market for years. Despite the expected weakening of economic growth in Europe caused by the pandemic, the Group maintained its expansion dynamics there. In the coming quarters, the Group is still planning to strengthen its position on these markets. The Group will also strengthen its position outside of Europe, on African, Asian and South American markets, where the subsidiary Yato Tools (Shanghai) and Yato Tools (Jiaxing) will develop sales and acquire new customers.

- Effective products management

The good financial results of the Group and its constant development would not be possible without the constant expansion of the product offer. This process is carried out, inter alia, by strengthening and constantly developing the team of Product Managers who have a very wide knowledge of the product, techniques for shaping its image, who know the habits of customers and emerging trends. As a result, the Group introduces several hundred new products to its offer every year and extends the product lines, updates and refreshes the offer.

This process will be continued in the coming quarters.

- Capital investments

The Group continues to monitor the market in search of an attractive acquisition target, which would be an added value for the Group.

5. Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting and changes in the ownership of qualified holdings of Toya S.A. shares in the period from last quarter report until the date of filling this report.

Shareholders holding at least 5% of total voting rights

Based on the information possessed by TOYA S.A. (according to information provided to Company by its shareholders), shareholders holding at least 5% of voting rights at the date of publication of this report are:

	Number of shares	Number of votes	Percentage share in the total number of votes at the general meeting (%)
Jan Szmidt	28,170,647	28,170,647	37.54%
Romuald Szałagan	9,652,290	9,652,290	12.86%
Generali OFE	5,001,147	5,001,147	6.66%

Since the date of submitting the previous periodic report (i.e. from 26 August 2021), there have been no changes in the ownership structure of significant blocks of TOYA S.A. shares.

6. Shares and shares options held by the management Board and Supervisory Board members as at the date of filling the quarterly report, including changes since the date of filing last report

Shares and shares options held by Management Board members

Number of shares and voting rights held by members of the Management Board as at the date of filling this report and changes thereof since the date of filling last report (mid-year report for 2021 published on 26 August 2021) according to information received by the Company is disclosed in the below table:

	Status according to the information available on 26 August 2021	Increases / decreases	Status according to the information available on 5 November 2021
Grzegorz Pinkosz	146,812	-	146,812
Maciej Lubnauer	61,831	-	61,831
TOTAL	208,643	-	208,643

Shares and shares options held by Supervisory Board members

Number of shares and voting rights held by members of the Supervisory Board as at the date of filling this report and changes thereof since the date of filling last report (mid-year report for 2021 published on 26 August 2021) according to information received by the Company is disclosed in the below table:

	Status according to the information available on 26 August 2021	Increases / decreases	Status according to the information available on 5 November 2021
Jan Szmidt	28,170,647	-	28,170,647
Beata Szmidt	3,239,253	-	3,239,253
Grzegorz Maciąg	5,275	-	5,275
TOTAL	31,415,175	-	31,415,175

7. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies.

As at 30 September 2021, TOYA S.A. is not a party to significant proceedings pending before a court, an authority competent for arbitration proceedings or a public administration body.

8. Information on the conclusion by TOYA S.A. or a subsidiary of one or more transactions with related entities, if they are individually or jointly significant and were concluded on terms other than market terms.

Transactions with related parties are concluded in the normal course of the Group's operations and are made on an arm's length basis. These transactions are presented in note 23 of the condensed interim consolidated financial statements and in note 21 of the condensed interim stand-alone financial statements.

9. Information on granting by the Company or its subsidiary sureties for a credit or loan or granting a guarantee - jointly to one entity or a subsidiary of this entity, if the total value of the existing sureties or guarantees is significant.

On 12 June 2019, TOYA S.A. granted a guarantee of payment of liabilities arising from warehouse and office rental agreement by Toya Romania S.A. to the landlord up to the amount of EUR 115 thousand. The lease agreement was concluded on 8 February 2019 and covers a period of 10 years, with the option of changing this period. The warranty expires 3 months after the date of termination of the lease.

Apart from the above-mentioned guarantee, neither the Parent Entity nor its subsidiaries have granted any significant sureties for a credit or loan, nor have they granted any guarantees in total to a single entity or subsidiary.

10. Other information which in the opinion of Toya S.A. is significant for the assessment of personnel situation, assets, finance and the financial result and any changes thereto, and information which is significant for assessing the ability to perform obligations.

In the 3rd quarter of 2021 there were no other significant events which could have a significant impact on the assessment of personnel situation, assets, finance and the financial result and any changes thereto, apart from factors discussed above in the commentary to financial result.

As at the date of filling this report there are no events that could have impact on the Company's ability to meet its obligations.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

PART C – CONDENSED INTERIM STAND-ALONE FINANCIAL STATEMENTS OF TOYA S.A.**Statement of financial position**

		30 September 2021 unaudited	31 December 2020
ASSETS	Note		
Property, plant and equipment	3	17,057	17,407
Intangible assets		3,254	3,208
Right-of-use assets	4	15,703	14,530
Investments in subsidiaries	5	52,984	52,984
Deferred income tax assets	15	2,464	1,947
Non-current assets		91,462	90,076
Inventory		202,330	182,031
Trade and other receivables		53,665	36,179
Cash and cash equivalents		5,343	584
Current assets		261,338	218,794
Total assets		352,800	308,870
EQUITY AND LIABILITIES			
Share capital	10	7,504	7,504
Share premium		35,677	35,677
Reserve capital		329	329
Other capitals		(194)	(194)
Retain earnings		189,022	160,555
Equity		232,338	203,871
Liabilities from loans	14	15,559	4,360
Lease liabilities		8,417	9,018
Liabilities from employee benefits		634	634
Other long-term liabilities		38	38
Long-term liabilities		24,648	14,050
Trade and other payables	12	49,016	28,717
Liabilities from employee benefits	15	5,970	5,826
Liabilities due to purchase of shares	13	9,582	17,946
Liabilities from loans	14	17,199	27,141
Lease liabilities		6,989	5,510
Liabilities from current income tax		5,941	4,749
Provisions	15	1,117	1,060
Short-term liabilities		95,814	90,949
Total liabilities		120,462	104,999
Total equity and liabilities		352,800	308,870

The explanatory notes constitute an integral part of these condensed interim stand-alone financial statements

Statement of profit or loss and other comprehensive income

	Note	9 months ended 30 September		3 months ended 30 September	
		2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Revenue from sales of goods	17	415,689	324,545	132,809	110,272
Cost of goods sold	18	(294,516)	(224,133)	(94,299)	(77,698)
Gross profit		121,173	100,412	38,510	32,574
Selling costs	18	(44,934)	(38,153)	(15,081)	(12,154)
Administrative expenses	18	(13,876)	(12,747)	(4,421)	(4,127)
Expected credit losses		(96)	(1,658)	(65)	(127)
Other operating revenue		722	2,132	(173)	642
Other operating expenses		(140)	(291)	(25)	(64)
Operating profit		62,849	49,695	18,745	16,744
Financial expenses		(637)	(1,007)	(255)	(309)
Profit before tax		62,212	48,688	18,490	16,435
Income tax		(11,983)	(9,408)	(3,587)	(3,166)
Net profit		50,229	39,280	14,903	13,269
Other net comprehensive income		-	-	-	-
Total net comprehensive income for the financial year		50,229	39,280	14,903	13,269
Net profit for the period attributable to shareholders of the Company		50,229	39,280	14,903	13,269
Comprehensive income for the period attributable to shareholders of the Company		50,229	39,280	14,903	13,269

Earnings per share

		9 months ended 30 September		3 months ended 30 September	
		2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Basic earnings per share in PLN	11	0.67	0.52	0.20	0.18
- from continuing operations		0.67	0.52	0.20	0.18
- from discontinued operations		-	-	-	-
Diluted earnings per share in PLN	11	0.67	0.52	0.20	0.18
- from continuing operations		0.67	0.52	0.20	0.18
- from discontinued operations		-	-	-	-

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

Statement of changes in equity

	Share capital	Share premium	Reserve capital	Other capitals	Retained earnings	Total equity
As at 1 January 2021	7,504	35,677	329	(194)	160,555	203,871
Net profit	-	-	-	-	50,229	50,229
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	50,229	50,229
Dividend paid	-	-	-	-	(21,762)	(21,762)
Total transactions with owners	-	-	-	-	(21,762)	(21,762)
As at 30 September 2021	7,504	35,677	329	(194)	189,022	232,338
As at 1 January 2020	7,504	35,677	16,034	(147)	150,144	209,212
Net profit	-	-	-	-	39,280	39,280
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	39,280	39,280
Dissolution of reserve capital for the purchase of own shares	-	-	(15,705)	-	15,705	-
Dividend declared	-	-	-	-	(60,034)	(60,034)
Total transactions with owners	-	-	(15,705)	-	(44,329)	(60,034)
As at 30 September 2020	7,504	35,677	329	(147)	145,095	188,458

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

Cash flow statement

	Note	9 months ended 30 September	
		2021 unaudited	2020 unaudited
Cash flows from operating activities			
Profit before tax		62,212	48,688
Adjustments for:			
Amortisation and depreciation		6,475	4,657
Net interest		637	1,007
Profit/Loss on investing activities		(41)	14
Foreign exchange gains/losses		860	697
Changes in balance sheet items:			
Change in trade and other receivables	9	(17,486)	3,519
Change in inventories	9	(20,299)	12,204
Change in provisions	9	57	173
Change in trade and other payables	9	20,299	19,585
Change in employee benefit liabilities	9	144	379
Cash from activities		52,858	90,923
Income tax paid		(11,309)	(8,328)
Net cash from operating activities		41,549	82,595
Cash flows from investing activities			
Sale of property, plant and equipment		58	-
Purchase of property, plant and equipment and intangible assets		(1,742)	(3,895)
Purchase of shares in subsidiaries		(9,380)	(7,913)
Net cash from investing activities		(11,064)	(11,808)
Cash flows from financing activities			
Proceeds from loans		10,617	-
Repayments of loans		(9,371)	(50,817)
Repayment of lease liabilities		(4,739)	(2,710)
Interest paid on loans		(183)	(405)
Interests paid on leases		(346)	(289)
Dividend paid		(21,762)	-
Net cash from financing activities		(25,784)	(54,221)
Change in net cash and cash equivalents		4,701	16,566
Balance sheet change in cash and cash equivalents, including:		4,759	16,586
- change in cash due to exchange rate differences		58	20
Cash and cash equivalents at the beginning of the period	8	584	586
Cash and cash equivalents at the end of the period	8	5,343	17,172

1. Summary of significant accounting policies

1.1 Basis for preparation

These condensed interim stand-alone financial statements have been prepared in accordance with IAS 34 „Interim Financial Reporting” approved by the EU.

They should be read jointly with the annual stand-alone financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (called „IFRS”) and interpretations issued by International Accounting Standards Board approved by European Union (called „EU”).

Going concern

These condensed interim stand-alone financial statements have been prepared on the assumption that the Company will continue as going concerns in the foreseeable future.

1.2 Accounting policies

The accounting principles are consistent with the principles applied in the annual stand-alone financial statements for the financial year ended 31 December 2020, except for the adoption of new and amended standards from 1 January 2021, as described below.

The new or changed standards and interpretations that are applicable for the first time in 2021 do not have a material impact on the Company's interim condensed stand-alone financial statements.

a) New standards, interpretations and amendments to existing standards effective in 2021

- **Amendments to IFRS 16 Leases - Covid-19-related Rent Concessions**

The changes allow lessees not to assess whether the Covid-19 rent reliefs are a modification to their lease agreements. Therefore, under the appropriate conditions, lessees who apply a practical solution, will recognize the rent reliefs received until 30 June 2021 in profit or loss for the period in which the relief was granted. In the absence of a practical solution, the tax relief would be recognized in profit and loss over the term of the lease agreement.

The above changes did not affect the Company's financial statements as the Company did not receive any reductions in rents related to Covid-19.

- **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**

The purpose of the amendments is to make it easier for entities to prepare financial statements in accordance with IFRS and provide users of financial statements with useful information in a situation where, due to a change in the reference rate ratio, there is a change in contractual cash flows or hedging relationships. The amendments provide for a practical solution for some changes in contractual cash flows and an exemption for certain hedge accounting requirements.

The amendments do not have a significant impact on the Company's financial statements.

- **Amendments to IFRS 4 Insurance contracts**

The amendments extend by two years the period of temporary exemption from the application of IFRS 9 Financial Instruments, until annual periods beginning on 1 January 2023, in order to align with the first application of IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts.

The amendments do not have a significant impact on the Company's financial statements.

b) New standards, interpretations and amendments, which are not yet effective and have not been applied early by the Company

Standards and Interpretations - approved by the EU, which have not yet come into force for annual periods beginning on 1 January 2021

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the consolidated financial statements</i>
<p>Amendments to IFRS 3 Business combinations, IAS 16 Property, plant and equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements – 2018-2020 cycle (all issued on 14 May 2020)</p> <p>(Effective for annual periods beginning on or after 1 January 2022, with early adoption permitted)</p>	<p>The package of changes includes three narrow scope changes to the standards:</p> <ul style="list-style-type: none"> • updates the reference in IFRS 3 Business Combinations to the <i>Conceptual Framework for the Preparation and Presentation of Financial Statements</i>, without changing the accounting requirements for accounting for business combinations, • prohibits entities from reducing the cost of property, plant and equipment by amounts obtained from the sale of assets produced in the period when the entity prepares an item of property, plant and equipment for its intended use. Such income and the related costs will be recognized in profit or loss for the period, • explains which costs the entity uses in assessing whether a given contract will generate a loss. <p>The package also includes Annual Improvements to the International Financial Reporting Standards (2018-2020 cycle), which clarify the terms used and adjust minor inconsistencies, or omissions between the requirements of the standards in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and illustrative examples in IFRS 16 Leases.</p>	<p><i>The above Amendments are not expected to have a significant impact on the Company's financial statements..</i></p>

Standards and Interpretations awaiting EU endorsement

<i>Standards and Interpretations awaiting EU endorsement</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>Sale or Transfer of Assets between an Investor and an Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures)</i></p> <p><i>(The European Commission has decided to defer approval of these changes indefinitely)</i></p>	<p>The amendments clarify that in case of a transaction with an associate or joint venture, the extent to which the gain or loss related to the transaction should be recognized depends on whether the transferred or sold assets constituted a business:</p> <ul style="list-style-type: none"> • the entire profit or loss is recognized if the transferred assets meet the definition of a business (regardless of whether the business is a subsidiary or not); • part of the profit or loss is recognized when the transaction concerns assets that do not constitute a business, even if these assets were held by a subsidiary. 	<p><i>The Company does not expect the Amendments to have a significant impact on its financial statements as the Company does not have any associates or joint ventures.</i></p>
<p><i>IFRS 17 Insurance contracts</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, prospective adoption, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>IFRS 17 replaces the transitional standard IFRS 4 Insurance Contracts, which was introduced in 2004. IFRS 4 gave entities the option of continuing to recognize insurance contracts in accordance with the accounting principles of national standards, which resulted in the application of many different solutions in practice.</p> <p>IFRS 17 addresses the comparability problem created by IFRS 4, by requiring all insurance contracts to be recognized consistently, which will benefit both investors and insurers. Liabilities arising from contracts will be recognized at present values, instead of historical cost.</p>	<p><i>The Company does not expect the Standard to have a significant impact on its financial statements as the Company does not operate in the insurance industry.</i></p>

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

<i>Standards and Interpretations awaiting EU endorsement</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>The amendments clarify that the presentation of liabilities as short-term or long-term should be based only on the Company's right to defer settlement of a given liability as at the reporting date. The right to defer settlement of the liability for at least 12 months from the reporting date need not be unconditional, but it must be substantial. The above presentation is not affected by the intentions or expectations of the Company's management as to the exercise of this right or as to the date on which it should take place. The amendments also provide explanations as to the events that are considered to be the settlement of obligations</p>	<p><i>The above Amendments are not expected to have a significant impact on the Company's financial statements.</i></p>
<p><i>Amendments to IAS 1 Presentation of Financial Statements</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>Amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies.</p>	<p><i>The above Amendments are not expected to have a significant impact on the Company's financial statements.</i></p>
<p><i>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p> <p><i>The standard has not yet been approved by the EU.</i></p>	<p>The amendments introduce definitions of an estimate and contain other amendments to IAS 8 explaining how to distinguish a change in accounting policy from changes in estimates. This distinction is very important because changes in accounting policies are generally applied retrospectively, while changes in estimates are recognized in the period in which the changes occur.</p>	<p><i>The above Amendments are not expected to have a significant impact on the Company's financial statements.</i></p>

In these condensed interim stand-alone financial statements, the Company has not decided to adopt earlier any standard, interpretation or amendment that has been published but has not yet come into force in the light of European Union regulations.

2. Seasonality

The Company's offer is aimed at the consumer market, which is sensitive to the seasons and weather conditions. However seasonality practically does not exist now. This is the result of a consistent policy of continuous expanding range of product, which is attractive in all seasons and continuous improvement of logistics processes.

3. Property, plant and equipment

	30 September 2021 unaudited	31 December 2020
Land	2,907	2,907
Buildings and structures	7,802	8,110
Plant and equipment	2,537	2,735
Vehicles	103	149
Other	3,429	3,414
Total	16,778	17,315
Property, plant and equipment not transferred for use	279	92
Total property, plant and equipment	17,057	17,407

In the item "other", the Company mainly includes storage and display shelves as well as furniture for offices and warehouses.

In the period from 1 January to 30 September 2021, the gross value of property, plant and equipment increased by PLN 748 thousand, mainly due to the purchase of IT equipment and storage and display shelves. Fixed assets with a gross value of PLN 520 thousand (net book value of PLN 14 thousand) were liquidated. Depreciation of property, plant and equipment recognized in profit or loss amounted to PLN 1,603 thousand.

4. Right-of-use assets

	30 September 2021 unaudited	31 December 2020
Land	1,828	1,820
Buildings and structures	5,342	8,313
Plant and equipment	2,135	640
Vehicles	6,398	3,757
Total	15,703	14,530

The increase in right-of-use assets was mainly due to:

- commissioning of additional forklifts with an initial value of PLN 1,549 thousand, as a result of the concluded forklift lease agreement;
- conclusion of a passenger car lease agreement, as a result of which rights-of-use assets were recognized in the amount of PLN 2,233 thousand. At the same time, the current passenger car lease agreement was terminated, as a result of which assets with a gross value of PLN 1,236 thousand were liquidated (PLN 2 thousand net);
- concluding a server lease agreement, as a result of which rights-of-use assets were recognized in the amount of PLN 1,775 thousand;
- indexation of the warehouse lease agreement in the amount of PLN 33 thousand;
- conclusion of a perpetual usufruct right purchase agreement in the amount of PLN 27 thousand.

Depreciation of the right-of-use assets recognized in profit or loss amounted to PLN 4,443 thousand.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

5. Interests in subsidiaries

As at 30 September 2021 and 31 December 2020, the Company held shares in the following entities:

	Country	Type of equity link	% of shares and votes held	Value of shares
31 December 2021				
Toya Romania S.A.	Romania	Subsidiary	99.99	1,885
Yato Tools (Shanghai) Co. Ltd	China	Subsidiary	100.00	20,746
Yato Tools (Jiaxing) Co. Ltd.	China	Subsidiary	100.00	30,353
				52,984
31 December 2020				
Toya Romania S.A.	Romania	Subsidiary	99.99	1,885
Yato Tools (Shanghai) Co. Ltd.	China	Subsidiary	100.00	20,746
Yato Tools (Jiaxing) Co. Ltd.	China	Subsidiary	100.00	30,353
				52,984

In the period from 1 January 2021, there were no changes in the investments held by the Company. Liabilities arising from the acquired shares are presented in Note 13.

6. Inventory

	30 September 2021 unaudited	31 December 2020
Goods for resale at warehouse and in transit	201,288	180,871
Asset for expected returns from customers	1,042	1,160
Total inventory (per balance sheet)	202,330	182,031
Revaluation write-down for goods for resale	1,487	1,604
Total inventory (gross)	203,817	183,635

Creation and reversal of inventory write-down is recognized in profit or loss and presented as "cost of goods sold".

In accordance with IFRS 15, in the item "assets for expected returns from customers", the Company presents the value of goods which may be expected to be returned from customers after the end of the reporting period.

The table below presents changes in revaluation write-downs on inventory:

	2021	2020
As at 1 January	1,604	1,828
Increase	-	-
Reversal/utilisation	(117)	(224)
As at 30 September / 31 December	1,487	1,604

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021
(All amounts in PLN '000 unless indicated otherwise)

7. Trade and other short-term receivables

	30 September 2021 unaudited	31 December 2020
Trade receivables from related parties	24,254	9,960
Trade receivables from third parties	30,646	26,458
Total trade receivables	54,900	36,418
Other receivables from third parties	42	167
Advances paid	13	958
Prepayments and deferred costs	893	723
Total gross receivables	55,848	38,266
Allowance for the expected credit losses on trade receivables	(2,147)	(2,051)
Impairment write-downs of other receivables	(36)	(36)
Total net receivables	53,665	36,179

Changes in the allowance for the expected credit losses of trade receivables are presented in the table below:

	2021	2020
Opening balance of the allowance for the expected credit losses	2,051	2,735
Write-offs included in the financial result	99	476
Use of write-offs created in previous periods	-	(1,160)
Reversal of unused write-offs	(3)	
As at 30 September / 31 December	2,147	2,051

Recognition and reversal of impairment losses on receivables has been included in the item: "expected credit losses".

8. Cash and cash equivalents

	30 September 2021 unaudited	31 December 2020
Cash in hand and at bank	5,343	584
Total cash and cash equivalents	5,343	584

9. Additional explanation to the cash flow statement

Reconciliation of changes in balance sheet items as shown in the statements of financial position and in the statements of cash flows:

9 months ended on 30 September 2021	Balance sheet change	Adjustments	Change in statement of cash flows
		Measurement of cash in foreign currencies	
Change in trade and other receivables	(17,486)	-	(17,486)
Change in inventories	(20,299)	-	(20,299)
Change in provisions	57	-	57
Change in trade and other payables	20,299	-	20,299
Change in employee benefit liabilities	144	-	144
Change in cash	4,759	(58)	4,701

9 months ended on 30 September 2020	Balance sheet change	Adjustments	Change in statement of cash flows
		Measurement of cash in foreign currencies	
Change in trade and other receivables	3,519	-	3,519
Change in inventories	12,204	-	12,204
Change in provisions	173	-	173
Change in trade and other payables	19,585	-	19,585
Change in employee benefit liabilities	379	-	379
Change in cash	16,586	(20)	16,566

10. Share capital

As at 30 September 2021, the share capital amounts to PLN 7,504,222.60 and comprises 75,042,226 shares with a par value of PLN 0.1 each.

In the period from 1 January to 30 September 2021, there were no changes in the amount of share capital.

11. Earnings per share

	9 months ended 30 September		3 months ended 30 September	
	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited
Net profit	50,229	39,280	14,903	13,269
Weighted average number of ordinary shares ('000)	75,042	75,042	75,042	75,042
Basic earnings per share from continuing operations (PLN)	0.67	0.52	0.20	0.18
Net profit attributable to ordinary shareholders used to calculate diluted earnings per share	50,229	39,280	14,903	13,269
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	75,042	75,042	75,042	75,042
Diluted earnings per share from continuing operations (PLN)	0.67	0.52	0.20	0.18

Basic earnings per share were calculated by dividing the net profit by the weighted average number of ordinary shares during the period.

In the third quarter of 2021 and 2020 the Company had no potential dilutive instruments.

12. Trade and other payables

	30 September 2021 unaudited	31 December 2020
Trade payables to related parties	13,945	1,270
Trade payables to third parties	25,855	21,196
Total trade payables	39,800	22,466
Tax liabilities	6,815	4,063
Liability due to expected goods returns	1,801	2,014
Prepayments received	569	146
Other payables to third parties	31	28
Total other current payables	9,216	6,251
Total	49,016	28,717

13. Liabilities due to purchase of shares

	30 September 2021 unaudited	31 December 2020
Short-term liabilities due to purchase of shares	9,582	17,946
Liabilities due to purchase of shares	9,582	17,946

Liabilities arising from the acquisition of shares arose as a result of the establishment and registration of Yato Tools (Jiaying) Co. Ltd. on 5 December 2019. As at 30 September 2021, the liability due to purchase of shares amounted to PLN 9,582 thousand. In 2021, by 30 September, the Company made a payment of USD 2.4 million (PLN 9,380 thousand) to the share capital of Yato Tools (Jiaying) Co. Ltd. After the end of the reporting period, the Company made another payment in the amount of USD 1.4 million (PLN 5,607 thousand). USD 1 million remains to be settled.

14. Loans and borrowings liabilities

	30 September 2021 unaudited	31 December 2020
Long-term bank loans an borrowings liabilities	15,559	4,360
Short-term bank loans an borrowings liabilities	17,199	27,141
Total bank loans an borrowings liabilities	32,758	31,501

As at 30 September 2021, the Company did not default on its debt repayment obligations or on any other of its obligations under loan agreements in a manner which would result in an acceleration of debt repayment.

Working capital loan agreements provide that the borrower maintains the financial debt ratios at the agreed level throughout the loan period. If the condition of maintaining the ratios at the level specified by the bank is not met, the bank has the right to terminate the loan agreements.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

Characteristics of credit agreements:

Object and value of agreement	Name of the Bank / covering bonds / granting loans	Loan amount as per agreement as at 30 September 2021	Amount outstanding as at 30 September 2021	Amount outstanding as at 31 December 2020	Current interest rate	Date of expiry
1. Overdraft facility agreement No BDK/KR-RB/000054601/0641/10 of 22 December 2010	Bank Handlowy w Warszawie S.A.	40,000	9,803	8,555	WIBOR 1 M + bank's margin	17 December 2021
2. Overdraft credit facility agreement No 09/030/19/Z/VV	mBank S.A. with its registered office in Warsaw	40,000	7,722	8,585	WIBOR 1 T + bank's margin	30 March 2023
3. Overdraft credit facility agreement No WAR/8833/20/326/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	25,000	1,498	10,001	WIBOR 1 M + bank's margin	30 September 2022
4. Non-revolving loan agreement no WAR/8833/20/327/CB	BNP Paribas Bank Polska S.A. with its registered office in Warsaw	24,000	13,735	4,360	WIBOR 1 M + bank's margin	30 September 2023
Total liabilities, of which:		129,000	32,758	31,501		
– short-term portion		65,000	17,199	27,141		
– long-term portion		64,000	15,559	4,360		

The explanatory notes constitute an integral part of these condensed interim consolidated financial statements

15. Changes in estimates

15.1 Inventory write-down

In the 3rd quarter of 2021 the Company has decreased the inventory write-down by the amount of PLN 65 thousands. Cumulatively from the beginning of 2021, the write-down has been decreased by PLN 117 thousand.

In the 3rd quarter of 2020 the Company has increased the inventory write-down by the amount of PLN 40 thousands. Cumulatively from the beginning of 2020, the write-down has been decreased by PLN 88 thousand.

15.2 Write-off for expected credit losses on receivables

In the 3rd quarter of 2021 the Company has increased the write-off due to expected credit losses related to trade receivables by the amount of PLN 65 thousands. Cumulatively from the beginning of 2021, the write-down has been increased by PLN 965 thousand.

In the 3rd quarter of 2020 the Company has increased the write-off due to expected credit losses related to trade receivables by the amount of PLN 127 thousands. Cumulatively from the beginning of 2020, the write-down has been increased by PLN 1,658 thousand. The increase in the write-down in the current period was mainly the result of the assessment that the risk of non-payment of receivables is higher in the current situation of the global pandemic.

15.3 Provision for guarantees

In the 3rd quarter of 2021 the Company has decreased the guaranty provision by the amount of PLN 74 thousands (cumulatively from the beginning of 2021, the write-down has been increased by PLN 57 thousand).

In the 3rd quarter of 2020 the Company has decreased the guaranty provision by the amount of PLN 54 thousands (cumulatively from the beginning of 2020, the write-down has been increased by PLN 173 thousand).

15.4 Employee benefits obligations

In the 3rd quarter of 2021 the Company has decreased the unused holidays provision by the amount of PLN 533 thousands (cumulatively from the beginning of 2021, the write-down has been increased by PLN 9 thousand).

As at 30 September 2021, short-term liabilities due to employee benefits decreased by PLN 144 thousand, mainly as a result of settlement of liabilities for remuneration for employees recognized as at 31 December 2020.

In the 3rd quarter of 2020 the Company has decreased the unused holidays provision by the amount of PLN 345 thousands (cumulatively from the beginning of 2020, the write-down has been increased by PLN 172 thousand).

15.5 Deferred tax

Deferred tax asset has increased in the 3rd quarter of 2021 by PLN 393 thousand. Cumulatively from the beginning of 2021, the asset has been increased by PLN 517 thousand, mainly as a result of created provisions recognized in liabilities.

Deferred tax asset has increased in the 3rd quarter of 2020 by PLN 351 thousand. Cumulatively from the beginning of 2020, the asset has been increased by PLN 1,257 thousand, mainly as a result of created provisions recognized in liabilities.

According to the Management Board, there is no risk that the deferred tax asset could not be realized.

16. Fair value

Book value of financial assets and liabilities approximates their fair value. In the third quarter of 2021, there were no changes in the business conditions and economic situation that would affect the fair value of financial assets and liabilities.

17. Sales revenue

	9 months ended 30 September		3 months ended 30 September	
	2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Sales of goods for resale	415,689	324,545	132,809	110,272
Total sales revenue	415,689	324,545	132,809	110,272

The geographical structure of revenues from sales has been presented below:

	9 months ended 30 September 2021		9 months ended 30 September 2020		3 months ended 30 September 2021		3 months ended 30 September 2020	
	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share
Romania	42,483	10.2%	31,494	9.7%	13,192	9.9%	10,028	9.1%
Ukraine	20,342	4.9%	15,673	4.8%	6,355	4.8%	6,242	5.7%
Baltic countries	16,409	3.9%	12,597	3.9%	5,385	4.1%	4,425	4.0%
Hungary	13,394	3.2%	11,830	3.6%	3,881	2.9%	3,528	3.2%
Belarus	12,957	3.1%	10,418	3.2%	5,296	4.0%	3,867	3.5%
Czech Republic	9,956	2.4%	8,958	2.8%	2,384	1.8%	2,835	2.6%
Germany	7,280	1.8%	5,744	1.8%	1,807	1.4%	1,658	1.5%
Russia	5,684	1.4%	5,363	1.7%	1,664	1.3%	2,011	1.8%
Europe – other EU countries	21,565	5.2%	7,852	2.4%	5,850	4.4%	2,799	2.5%
Europe – other non-EU countries	12,189	2.9%	8,434	2.6%	4,172	3.1%	2,248	2.0%
Other continents	1,251	0.3%	2,244	0.7%	174	0.1%	809	0.8%
Total export	163,510	39.3%	120,607	37.2%	50,160	37.8%	40,450	36.7%
Poland	252,179	60.7%	203,938	62.8%	82,649	62.2%	69,822	63.3%
Total sales revenue	415,689	100.0%	324,545	100.0%	132,809	100.0%	110,272	100.0%

18. Costs by type and cost of goods for resale sold

	9 months ended 30 September		3 months ended 30 September	
	2021 unaudited	2020 unaudited	2021 unaudited	2020 unaudited
Amortisation and depreciation	6,475	4,657	2,220	1,878
Material and energy consumption	3,818	2,675	1,550	899
Third-party services, including:	15,642	14,273	5,012	4,014
<i>costs of transportation</i>	5,288	5,359	1,710	1,562
<i>logistics services (external warehouses)</i>	-	1,977	-	47
<i>IT, telecommunications and postal costs</i>	1,513	1,241	515	422
<i>online sales platform access services</i>	2,941	2,025	830	602
<i>service charges for space lease agreements</i>	1,676	962	415	472
<i>legal, audit and consulting costs</i>	1,528	1,191	583	592
<i>other third-party services</i>	2,696	1,518	959	317
Taxes and fees	1,078	857	396	278
Costs of employee benefits, including:	29,956	26,795	9,527	8,855
<i>Salaries</i>	25,118	22,385	7,871	7,386
<i>Social security</i>	4,535	3,919	1,539	1,312
<i>Employee capital plans</i>	98	99	30	29
<i>Other</i>	205	392	87	128
Other costs by type	1,841	1,643	797	357
Value of goods for resale and materials sold	294,516	224,133	94,299	77,698
Total costs by type and value of goods for resale sold	353,326	275,033	113,801	93,979
Selling costs, including:	44,934	38,153	15,081	12,154
<i>amortisation and depreciation</i>	5,451	3,729	1,872	1,535
<i>costs of employee benefits</i>	19,736	17,557	6,395	5,947
Administrative expenses, including:	13,876	12,747	4,421	4,127
<i>amortisation and depreciation</i>	1,024	928	348	343
<i>costs of employee benefits</i>	10,220	9,238	3,132	2,908
Value of goods for resale sold	294,516	224,133	94,299	77,698
Costs by type and value of goods sold	353,326	275,033	113,801	93,979

19. Financial guarantees granted and received

As at 30 September 2021, the Company had the following guarantees:

No	Counterparty	Type of guarantee	Subject matter and value	Date of expiry
1	Bank Handlowy w Warszawie S.A.	Guarantee of payment for the lease of warehouses in Nadarzyn	Bank guarantee in the amount of EUR 429,980	28 February 2022
2	Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A.	Contract on granting a customs debt guarantee	The security for repayment of custom debts, taxes and other fees associated with goods released into free circulation based on customs declaration, in the amount of PLN 270,000	31 December 2021

On 12 June 2019, TOYA S.A. granted a guarantee of payment of liabilities arising from warehouse and office rental agreement by Toya Romania S.A. to the landlord up to the amount of EUR 115 thousand. The lease agreement was concluded on 8 February 2019 and covers a period of 10 years, with the option of changing this period. The warranty expires 3 months after the date of termination of the lease.

20. Contingent assets and liabilities

As at 30 September 2021, the Company had no significant contingent liabilities or contingent assets.

21. Transactions with related entities

In the period from 1 January to 30 September 2021 and 2020, the Company effected transactions with the following related parties:

- Toya Romania SA – subsidiary,
- Yato Tools (Shanghai) Co., Ltd. – subsidiary,
- Yato Tools (Jiaxing) Co., Ltd. – subsidiary,
- Toya Development Sp. z o.o. S.K. in liquidation – entity related through key management personnel,
- Grzegorz Pinkosz – President of the Management Board – key management personnel,
- Maciej Lubnauer – Vice-President of the Management Board – key management personnel,
- Piotr Mondalski – President of the Supervisory Board – key management personnel,
- Jan Szmidt – Vice-President of the Supervisory Board – key management personnel,
- Dariusz Górka – Member of the Supervisory Board – key management personnel,
- Grzegorz Maciąg – Member of the Supervisory Board – key management personnel,
- Michał Kobus - Member of the Supervisory Board – key management personnel,
- Wojciech Bartłomiej Papierak - Member of the Supervisory Board – key management personnel,
- Beata Szmidt - Member of the Supervisory Board – key management personnel.

TOYA S.A. Capital Group

Consolidated interim report for the period from 1 January 2021 to 30 September 2021

(All amounts in PLN '000 unless indicated otherwise)

Statement of transactions and balances with related entities:

	Trade and other receivables	Trade and other payables	Liabilities due to purchase of shares	Revenue from sales of goods	Purchase of goods and services	Financial expenses - interest	Salaries
	30.09.2021			01.01.2021-30.09.2021			
Subsidiaries, including:	24,253	13,945	9,582	42,565	192,195	97	-
<i>TOYA Romania S.A.</i>	24,243	-	-	42,555	-	-	-
<i>Yato Tools (Shanghai) Co. Ltd.</i>	10	630	-	10	9,038	-	-
<i>Yato Tools (Jiaxing) Co. Ltd.</i>	-	13,315	9,582	-	183,157	97	-
Entities related through key management personnel	1	-	-	6	-	-	-
Key management personnel	-	-	-	-	-	-	2,777
Total	24,254	13,945	9,582	42,571	192,195	97	2,777
	31.12.2020			01.01.2020 - 30.09.2020			
Subsidiaries, including:	9,959	1,270	17,946	31,555	132,643	344	-
<i>TOYA Romania S.A.</i>	9,909	-	-	31,551	-	-	-
<i>Yato Tools (Shanghai) Co. Ltd.</i>	50	1,270	-	10	106,280	-	-
<i>Yato Tools (Jiaxing) Co. Ltd.</i>	-	-	17,946	-	26,363	344	-
Entities related through key management personnel	1	-	-	14	6	-	-
Key management personnel	-	-	-	-	-	-	2,284
Total	9,960	1,270	17,946	31,575	132,649	344	2,284

Related party transactions are entered into on arm's length terms in the course of the Company's day-to-day operations.

22. Material events subsequent to the end of reporting period

22.1 Contribution to the share capital of Yato Tools (Jiaxing) Co. Ltd.

On 6 October 2021, the Parent Company made a payment of USD 1,400 thousand (PLN 5,607 thousand) for the share capital of Yato Tools (Jiaxing) Co. Ltd.

Management Board of Toya S.A.

Date	Name and surname	Position	Signature
5 November 2021	Grzegorz Pinkosz	President of the Management Board	
5 November 2021	Maciej Lubnauer	Vice-President of the Management Board	

Person responsible for bookkeeping:

Date	Name and surname	Position	Signature
5 November 2021	Iwona Banik	Chief Accountant	