



TOYA S.A. CAPITAL GROUP

Condensed interim consolidated financial statements
for the 6-month period ended 30 June 2022



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(All amounts in PLN '000 unless indicated otherwise)

Interim consolidated statement of financial position

		30 June 2022 unaudited	31 December 2021
ASSETS	Note		
Property, plant and equipment	5	56,523	45,090
Intangible assets		4,459	3,899
Right-of-use assets	6	32,962	31,188
Goodwill	7	875	835
Other receivables		52	51
Deferred income tax assets	21	5,566	4,477
Non-current assets		100,437	85,540
Inventory	8, 21	437,771	369,256
Trade and other receivables	9, 21	109,676	108,709
Cash and cash equivalents	10	43,392	38,855
Current assets		590,839	516,820
Total assets		691,276	602,360
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		17,051	10,883
Other capitals		(209)	(209)
Retained earnings	14	284,863	246,494
Equity per shareholders of the Parent Company		345,215	300,678
Total equity		345,215	300,678
Liabilities from loans	15	18,832	10,049
Lease liabilities		20,288	18,414
Deferred income tax liability		1,288	318
Liabilities from employee benefits		678	678
Other long-term liabilities		55	54
Total long-term liabilities		41,141	29,513
Trade and other payables	16	149,687	156,068
Liabilities from employee benefits	21	8,973	10,023
Liabilities from loans	15	132,708	86,904
Lease liabilities		8,608	9,170
Liabilities from current income tax		3,213	8,393
Provisions	21	1,731	1,611
Total short-term liabilities		304,920	272,169
Total liabilities		346,061	301,682
Total equity and liabilities		691,276	602,360

Notes constitute an integral part of these condensed interim consolidated financial statements

Interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 30 June		3 months ended 30 June	
		2022 unaudited	2021 unaudited	2022 unaudited	2021 unaudited
Revenue from sales of goods	17, 18	367,832	342,719	179,443	177,125
Cost of goods and materials sold	19, 18	(245,917)	(226,291)	(119,930)	(116,232)
Gross sales profit		121,915	116,428	59,513	60,893
Selling costs	19	(55,039)	(44,974)	(27,941)	(23,080)
Administrative expenses	19	(18,247)	(17,580)	(9,560)	(9,517)
Expected credit losses	9	(153)	254	(44)	329
Other operating revenue		3,682	354	1,762	200
Other operating expenses		(165)	(1,013)	520	90
Operating profit		51,993	53,469	24,250	28,915
Financial income		73	54	43	29
Financial expenses		(3,690)	(772)	(2,410)	(419)
Profit before tax		48,376	52,751	21,883	28,525
Income tax		(10,007)	(10,563)	(4,462)	(5,565)
Net profit		38,369	42,188	17,421	22,960
Other comprehensive income that may be reclassified to profit or loss					
Foreign operations currency translation differences		6,168	706	2,205	(2,631)
Other net comprehensive income		6,168	706	2,205	(2,631)
Total net comprehensive income for the period		44,537	42,894	19,626	20,329
Net profit for the year attributable to:					
Shareholders of the Parent Company		38,369	42,188	17,421	22,960
Non-controlling interests		-	-	-	-
Other comprehensive income attributable to:					
Shareholders of the Parent Company		6,168	706	2,205	(2,631)
Non-controlling interests		-	-	-	-
Total comprehensive income for the year attributable to:					
Shareholders of the Parent Company		44,537	42,894	19,626	20,329
Non-controlling interests		-	-	-	-

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Earnings per share

		6 months ended 30 June		3 months ended 30 June	
		2022	2021	2022	2021
		unaudited	unaudited	unaudited	unaudited
Basic earnings per share in PLN	13	0.51	0.56	0.23	0.31
- from continuing operations		0.51	0.56	0.23	0.31
- from discontinued operations		-	-	-	-
Diluted earnings per share in PLN	13	0.51	0.56	0.23	0.31
- from continuing operations		0.51	0.56	0.23	0.31
- from discontinued operations		-	-	-	-

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(All amounts in PLN '000 unless indicated otherwise)

Interim 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 2022	7,504	35,677	329	10,883	(209)	246,494	300,678	300,678
Comprehensive income								
Net profit	-	-	-	-	-	38,369	38,369	38,369
Other comprehensive income	-	-	-	6,168	-	-	6,168	6,168
Total comprehensive income	-	-	-	6,168	-	38,369	44,537	44,537
Transactions with owners	-	-	-	-	-	-	-	-
Total changes in equity	-	-	-	6,168	-	38,369	44,537	44,537
As at 30 June 2022 (unaudited)	7,504	35,677	329	17,051	(209)	284,863	345,215	345,215
As at 1 January 2022	7,504	35,677	329	3,556	(194)	190,861	237,733	237,733
Comprehensive income								
Net profit	-	-	-	-	-	42,188	42,188	42,188
Other comprehensive income	-	-	-	706	-	-	706	706
Total comprehensive income	-	-	-	706	-	42,188	42,894	42,894
Transactions with owners								
Declared dividend	-	-	-	-	-	(21,762)	(21,762)	(21,762)
Total changes in equity	-	-	-	706	-	20,426	21,132	21,132
As at 30 June 2021 (unaudited)	7,504	35,677	329	4,262	(194)	211,287	258,865	258,865

Notes constitute an integral part of these condensed interim consolidated financial statements

Interim consolidated cash flow statement

	Note	6 months ended 30 June	
		2022 Unaudited	2022 Unaudited
Cash flows from operating activities			
Profit before tax		48,376	52,751
Adjustments for:			
Amortization and depreciation		7,538	6,947
Net interest		3,617	718
Profit/Loss on investing activities		(596)	(2)
Foreign exchange gains/losses		1,836	430
Changes in balance sheet items:			
Change in trade and other receivables	11	1,905	(18,932)
Change in inventories	11	(64,630)	465
Change in provisions	11	104	222
Change in trade and other payables	11	(14,879)	41,183
Change in employee benefit liabilities	11	(1,177)	(1,399)
Cash from activities		(17,906)	82,383
Income tax paid		(15,413)	(10,787)
Net cash from operating activities		(33,319)	71,596
Cash flows from investing activities			
Sale of property, plant and equipment		724	59
Purchases of property, plant and equipment and intangible assets		(9,814)	(11,874)
Interest received		73	54
Net cash from investing activities		(9,017)	(11,761)
Cash flows from financing activities			
Proceeds from loans		54,220	3,910
Repayments of loans		-	(27,133)
Repayment of lease liabilities		(4,905)	(4,481)
Interest paid on loans		(2,724)	(70)
Interests paid on leases		(599)	(618)
Net cash from financing activities		45,992	(28,392)
Net change in cash and cash equivalents		3,656	31,443
Balance sheet change in cash and cash equivalents		4,537	31,321
- effect of translation of cash and cash equivalents		881	(122)
Cash and cash equivalents at the beginning of the period	10	38,855	33,961
Cash and cash equivalents at the end of the period	10	43,392	65,282

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. Softysowicka 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. 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 2021 to 26 January 2022, the Management Board was composed of the following members:

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

On 27 January 2022, the Supervisory Board appointed Mr. Robert Borys to act as the Vice-President of the Management Board. From that date and until the date of approval of these interim financial statements for publication, the Management Board was composed of the following members:

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

In the period from 1 January to 30 June 2022 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 6 months ended on 30 June 2022. Comparative data is presented:

- as at 31 December 2021 - for the interim consolidated statement of financial position;
- for the period from 1 January 2021 to 30 June 2021 and from 1 April 2021 to 30 June 2021 - for the interim consolidated statement of profit or loss and other comprehensive income;
- for the period from 1 January 2021 to 30 June 2021 for the interim consolidated statement of cash flows;
- for the period from 1 January 2021 to 30 June 2021 for the interim consolidated statement of changes in equity.

These condensed interim consolidated financial statements of the Group for 6-month period ended 30 June 2022 were approved for publication by the Management Board of the Parent Company on 25 August 2022.

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The Parent Company has also prepared the condensed interim stand-alone financial statements for the 6-month period ended 30 June 2022, which was approved for publication by the Management Board on 25 August 2022.

2. Capital group structure

As at 30 June 2022, the TOYA S.A. Capital 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 first half of 2022, 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 2021 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 2021, except for the adoption of new and amended standards, as described below.

3.1 Impact of new or amended standards and interpretations on the Group's 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 2022.

a) New standards, interpretations and amendments to existing standards effective in 2022

- **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**

The package of changes includes three narrow scope changes to the standards:

- updates the reference in IFRS 3 Business Combinations to the Conceptual Framework for the Preparation and Presentation of Financial Statements, 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 (IAS 16);
- explains which costs the entity uses in assessing whether a given contract will generate a loss (IAS 37).

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.

The above Amendments did not have a significant impact on the consolidated financial statements of the Group.

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 2022

<i>Standards and Interpretations</i>	<i>Type of anticipated change in accounting policies</i>	<i>Possible impact on the financial statements</i>
<p><i>IFRS 17 Insurance contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, prospective adoption, with earlier adoption permitted)</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 Group does not expect the standard and amendments to have a significant impact on its financial statements.</i></p>
<p><i>Amendments to IAS 12 Income taxes: Deferred tax related to Assets and Liabilities from a Single Transaction (issued on 7 May 2021)</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p>	<p>The amendments limit the ability to apply the exemption from the recognition of deferred tax and indicate that such exemption cannot be applied to transactions in which the entity recognizes both an asset and a liability resulting in the simultaneous recognition of offsetting positive and negative temporary differences. Consequently, an entity should recognize both the asset and the deferred tax liability for temporary differences arising from the initial recognition of leases and liquidation liabilities.</p>	<p><i>The above Amendments are not expected to have a significant impact on the consolidated financial statements of the Group.</i></p>

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Standards and Interpretations	Type of anticipated change in accounting policies	Possible impact on the financial statements
<p><i>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting Policies (issued on 12 February 2021)</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p>	<p>Amendments to IAS 1 specify the scope of disclosures of significant accounting principles (policies) in the financial statements of the entity. Pursuant to the introduced changes, an entity should disclose in the financial statements only material accounting policy information, instead of significant accounting policies.</p>	<p><i>The Group does not expect the standard and amendments to have a significant impact on its financial statements.</i></p>
<p><i>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates (issued on 12 February 2021)</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p>	<p>The amendments introduce the definition of accounting estimates as monetary amounts disclosed in the financial statements that are subject to measurement uncertainty and clarify the relationship between accounting principles and estimates, indicating that the entity prepares accounting estimates to achieve the objectives indicated in the accounting principles.</p>	<p><i>The Group does not expect the standard and amendments to have a significant impact on its financial statements.</i></p>

Standards and Interpretations awaiting EU endorsement

Standards and Interpretations	Type of anticipated change in accounting policies	Possible impact on the financial statements
<p><i>Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current and Classification of Liabilities as Current and Non-Current – Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023, with earlier adoption permitted)</i></p>	<p>The amendments clarify that the presentation of liabilities as short-term or long-term should only depend on the existence of the entity's right to defer the settlement (extension) of a given liability for a period of at least 12 months from the reporting date, and on the fulfilment of the conditions for the implementation of such extension as at the balance sheet date. The above presentation is not affected by the intentions and expectations of the management of the entity as to the exercise of this right or as to the date when it would occur. The changes also provide explanations as to the events that are considered to be the settlement of liabilities.</p>	<p><i>The above Amendments are not expected to have a significant impact on the financial statements of the Group.</i></p>
<p><i>Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)</i></p> <p><i>(effective for annual periods beginning on or after 1 January 2023)</i></p>	<p>The amendment introduces a new option to apply IFRS 17 for the first time to reduce the operational complexity and accounting mismatch in comparative data between insurance contract liabilities and related financial assets, at the time of first application of IFRS 17. The amendment allows for the presentation of comparative data with regard to financial assets in a manner more consistent with IFRS 9 Financial Instruments.</p>	<p><i>The Group does not expect the standard and amendments to have a significant impact on its financial statements.</i></p>

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, adjusted to the seasons of the year, as well as the broad product offer of the Group.

5. Property, plant and equipment

	30 June 2022 unaudited	31 December 2021
Land	2,907	2,907
Buildings and structures	8,999	9,230
Plant and equipment	5,172	4,107
Vehicles	697	646
Other	7,930	7,987
Total	25,705	24,877
Property, plant and equipment not transferred for use	30,818	20,213
Total property, plant and equipment	56,523	45,090

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 June 2022, the gross value of property, plant and equipment increased by PLN 11,939 thousand, mainly due to the continued construction of a new warehouse by the subsidiary in China and the purchase of IT equipment. Fixed assets with a net book value of PLN 110 thousand were liquidated. Depreciation of property, plant and equipment recognized in profit or loss amounted to PLN 2,437 thousand. Other changes result from differences from the translation of foreign entities.

6. Right-of-use assets

	30 June 2022 unaudited	31 December 2021
Land	7,020	6,847
Buildings and structures	19,057	16,190
Plant and equipment	1,707	1,978
Vehicles	5,178	6,173
Total	32,962	31,188

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

- concluding an annex to the warehouse lease agreement, as a result of which the lease period was extended; the right-of-use assets and lease liabilities were increased by PLN 5,143 thousand; moreover, the value of assets and liabilities was increased by PLN 12 thousand as a result of indexation;
- indexation of a passenger car lease agreement by the amount of PLN 36 thousand.

Depreciation of the right-of-use assets recognized in profit or loss amounted to PLN 4,671 thousand.

Other changes result from differences from the translation of foreign entities.

7. Goodwill

Goodwill amounting to PLN 875 thousand includes only the goodwill resulting from the acquisitions of Yato Tools (Shanghai) Co. Ltd. in 2013. In the first half of 2022, goodwill increased by PLN 40 thousand as a result of converting the value of the assets into the presentation currency.

8. Inventory

	30 June 2022 unaudited	31 December 2021
Goods for resale at warehouse and in transit	437,362	368,718
Asset for expected returns from customers	409	538
Total inventory (per balance sheet)	437,771	369,256
Revaluation write-down for goods for resale	4,618	3,157
Total inventory (gross)	442,389	372,413

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 Group 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:

	2022	2021
As at 1 January	3,157	2,994
Increase	1,387	188
Reversal/utilisation	-	(220)
Currency translation differences	74	195
As at 30 June (unaudited) / 31 December	4,618	3,157

9. Trade and other short-term receivables

	30 June 2022 unaudited	31 December 2021
Trade receivables from related parties	2	1
Trade receivables from third parties	77,177	69,286
Total trade receivables	77,179	69,287
Taxes, custom duties and social security receivables	19,822	20,820
Other receivables from third parties	2,299	2,570
Advances for deliveries of goods for resale	9,180	10,789
Advances for deliveries of property, plant and equipment	2,218	6,055
Prepayments and deferred costs	1,982	2,024
Total gross receivables	112,680	111,545
Allowance for the expected credit losses on trade receivables	(2,968)	(2,781)
Impairment write-downs of other receivables	(36)	(55)
Total net receivables	109,676	108,709

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The Group performs individual and group analysis of impairment of trade receivables. Receivables are analysed individually when there is an objective evidence of impairment that may have a negative effect on the amount of future cash flows. Significant objective conditions include, for example, taking legal action against a debtor, serious financial problems of the debtor, significant overdue payments. In the case of short-term trade receivables analysed in groups, which do not have a significant financing element, the Group applies the simplified approach required in IFRS 9 and measures impairment losses in the amount of credit losses expected throughout the lifetime of the receivable from its initial recognition. The Group utilizes provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

For the purpose of estimation of the expected credit losses, trade receivables are grouped on the basis of credit risk characteristics (separate groups were determined for certain distribution channels – receivables from export customers, network customers, wholesale customers and individual customers).

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

	2022	2021
As at 1 January	2,781	3,142
Write-off created in the period	166	47
Reversal of unused write-offs	(13)	-
Use of write-offs created in previous periods	-	(488)
Currency translation differences	34	80
As at 30 June (unaudited) / 31 December	2,968	2,781

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

10. Cash and cash equivalents

	30 June 2022 unaudited	31 December 2021
Cash in hand and at bank	43,392	38,855
Total cash and cash equivalents	43,392	38,855

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:

6 months ended on 30 June 2022		Adjustments			Change in statement of cash flows
		Advances paid for property, plant and equipment	Measurement of cash in foreign currencies	Effect of currency translation of foreign entities	
Change in trade and other receivables	(968)	(3,838)	-	6,711	1,905
Change in inventories	(68,515)	-	-	3,885	(64,630)
Change in provisions	120	-	-	(16)	104
Change in trade and other payables	(6,381)	-	-	(8,498)	(14,879)
Change in employee benefit liabilities	(1,050)	-	-	(127)	(1,177)
Change in cash	4,537	-	(881)	-	3,656

6 months ended on 30 June 2021		Adjustments			Change in statement of cash flows
		Advances paid for property, plant and equipment	Measurement of cash in foreign currencies	Effect of currency translation of foreign entities	
Change in trade and other receivables	(24,664)	6,716	-	(984)	(18,932)
Change in inventories	(513)	-	-	978	465
Change in provisions	216	-	-	6	222
Change in trade and other payables	41,056	-	-	127	41,183
Change in employee benefit liabilities	(1,333)	-	-	(66)	(1,399)
Change in cash	31,321	-	122	-	31,443

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12. Share capital

As at 30 June 2022, 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 first half of 2022, there were no changes in the amount of share capital.

13. Earnings per share

	6 months ended 30 June		3 months ended 30 June	
	2022 unaudited	2021 Unaudited	2022 unaudited	2021 Unaudited
Net profit	38,369	42,188	17,421	22,960
Weighted average number of ordinary shares ('000)	75,042	75,042	75,042	75,042
Basic earnings per share from continuing operations (PLN)	0.51	0.56	0.23	0.31
Net profit attributable to ordinary shareholders used to calculate diluted earnings per share	38,369	42,188	17,421	22,960
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)	0.51	0.56	0.23	0.31

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

In the first half of 2022 and 2021 the Group had no potential dilutive instruments.

14. Resolutions on approving the annual consolidated report of Toya S.A. Group for 2021 and distribution of profit of the Parent Company

On 28 June 2022, the General Meeting of Shareholders of Toya S.A. approved the financial statements of TOYA S.A. for 2021 and consolidated financial statements of TOYA S.A. Group for 2021, and also decided to transfer the profit of TOYA S.A. for 2021 in the amount of PLN 63,243 thousand to reserve capital.

TOYA S.A. Capital Group

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15. Loans and borrowings liabilities

	30 June 2022 unaudited	31 December 2021
Long-term bank loans an borrowings liabilities	18 832	10 049
Short-term bank loans an borrowings liabilities	132 708	86 904
Total bank loans an borrowings liabilities	151 540	96 953

Compliance with the provisions of the loan agreement

As at 30 June 2022, 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.

As a result of the annexes to bank loan agreements concluded in the first half of 2022, increasing the amount of the available loan, an additional loan repayment security in the form of a registered pledge on the Group's current assets was increased to a total amount of PLN 40,000 thousand.

The nature of other loan repayment collaterals has not changed as compared to 31 December 2021.

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15. Loans and borrowings liabilities (cont.)

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 June 2022	Amount outstanding as at 30 June 2022	Amount outstanding as at 31 December 2021	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.	70,000	53,725	29,310	WIBOR 1 M + bank's margin	16 December 2022
2. Overdraft credit facility agreement No 09/030/19/Z/VV	mBank S.A. with its registered office in Warsaw	60,000	55,284	30,453	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	16,024	13,692	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	40,000	26,507	23,498	WIBOR 3 M + bank's margin	30 September 2024
Total liabilities, of which:		195,000	151,540	96,953		
– short-term portion		166,429	132,708	86,904		
– long-term portion		28,571	18,832	10,049		

Notes constitute an integral part of these condensed interim consolidated financial statements

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16. Trade and other payables

	30 June 2022 unaudited	31 December 2021
Trade payables to related parties	-	-
Trade payables to third parties	135,278	135,277
Total trade payables	135,278	135,277
Tax liabilities	8,399	6,125
Liability due to expected goods returns	659	910
Prepayments received	3,773	12,530
Other payables to third parties	821	455
Deferred revenue	757	771
Total other current payables	14,409	20,791
Total	149,687	156,068

17. Sales revenue

	6 months ended 30 June		3 months ended 30 June	
	2022 unaudited	2021 unaudited	2022 unaudited	2021 unaudited
Sales of goods for resale	367,832	342,719	179,443	177,125
Total sales revenue	367,832	342,719	179,443	177,125

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

	6 months ended		6 months ended		3 months ended		3 months ended	
	30 June 2022		30 June 2021		30 June 2022		30 June 2021	
	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share	Sales revenue	Share
Ukraine	13,398	3.7%	19,427	5.7%	6,878	3.8%	9,628	5.4%
Baltic countries	11,841	3.2%	11,024	3.2%	5,962	3.3%	6,153	3.5%
Hungary	10,361	2.8%	9,513	2.8%	5,035	2.8%	4,707	2.7%
Belarus	9,137	2.5%	8,033	2.3%	5,224	2.9%	4,056	2.3%
Czech Republic	6,295	1.7%	7,572	2.2%	2,667	1.5%	3,916	2.2%
Russia	4,695	1.3%	4,295	1.3%	1,966	1.1%	2,558	1.4%
Germany	3,774	1.0%	5,473	1.6%	1,603	0.9%	2,536	1.4%
Europe – other EU countries	11,800	3.2%	16,492	4.8%	5,291	2.9%	8,943	5.0%
Europe – other non-EU countries	8,917	2.4%	8,530	2.4%	4,808	2.7%	4,178	2.4%
Africa	9,032	2.5%	4,520	1.3%	3,944	2.2%	3,197	1.8%
America	14,467	3.9%	12,031	3.5%	4,436	2.5%	7,223	4.1%
Asia	17,712	4.8%	11,518	3.4%	10,154	5.6%	4,613	2.6%
Australia and Oceania	367	0.1%	257	0.1%	120	0.1%	142	0.1%
Total export	121,796	33.1%	118,685	34.6%	58,088	32.3%	61,850	34.9%
Poland	185,710	50.5%	169,530	49.5%	92,385	51.5%	86,490	48.8%
Romania	43,685	11.9%	36,509	10.6%	21,093	11.8%	19,464	11.0%
China	16,641	4.5%	17,995	5.3%	7,877	4.4%	9,321	5.3%
Total sales revenue	367,832	100.0%	342,719	100.0%	179,443	100.0%	177,125	100.0%

Notes constitute an integral part of these condensed interim consolidated financial statements

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 June 2022, the Group's assets amounted to PLN 691,276 thousand, and the Group's liabilities amounted to PLN 346,061 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 June 2022 is PLN 5,000 thousand and located in China is PLN 33,243 thousand.

The Group has been present on the markets of Eastern Europe for a long time, in particular in Ukraine, Belarus and Russia. Despite its long presence on these markets, the Group did not have any assets there, and transactions with local customers were short-term. The Russian-Ukrainian conflict that began with military actions on 24 March 2022 disrupted trade relations on these markets, which resulted in a temporary freezing of relations with some customers.

It should be emphasized that the Group complies with all sanctions imposed by the European Union, Poland and governments of other countries on entities, persons and goods specified in the relevant legal acts. The Group has implemented appropriate procedures in this regard. However, the implemented procedures and the need to verify and comply with all economic sanctions slow down the trade with customers from these markets, which is, however, independent of the Group. This may impact trading with customers in these markets.

In connection with the continuous monitoring of the risk related to the threat caused by the COVID-19 coronavirus and its possible impact on the smooth operating activity of TOYA S.A. and the Group, the Company informs that the changing epidemiological situation within the territory of the People's Republic of China can hinder the timely completion of the TOYA S.A. Group's central warehouse under construction in China. The project is carried out by Yato Tools (Jiaxing) Co. Ltd. Moreover, the current epidemiological situation, if prolonged, can give rise to additional implications in terms of temporary disruption to the supply chain. In the Company's opinion, the aforementioned events should not have a significant impact on the financial and operational situation of Toya S.A. However, it should be borne in mind that the situation is volatile and restrictions introduced by subsequent legislative changes, decisions of local authorities and other unforeseen factors beyond the Group's control, depending on their duration and intensity, can affect the Company's operations and financial position.

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18. Operating segments (cont.)

6 months ended 30 June 2022 (unaudited)	EXPORT SALES	WHOLESALE MARKET	RETAIL NETWORKS	RETAIL SALES	TOTAL
Sales revenue					
Sales to external customers	121,796	176,767	43,500	25,769	367,832
Total segment revenue	121,796	176,767	43,500	25,769	367,832
Cost of goods sold					
Sales to external customers	(83,749)	(119,358)	(29,028)	(13,782)	(245,917)
Total costs of goods sold	(83,749)	(119,358)	(29,028)	(13,782)	(245,917)
Gross profit	38,047	57,409	14,472	11,987	121,915
Gross profit margin	31%	32%	33%	47%	33%

6 months ended 30 June 2021 (unaudited)	EXPORT SALES	WHOLESALE MARKET	RETAIL NETWORKS	RETAIL SALES	TOTAL
Sales revenue					
Sales to external customers	118,685	165,509	36,024	22,501	342,719
Total segment revenue	118,685	165,509	36,024	22,501	342,719
Cost of goods sold					
Sales to external customers	(82,901)	(107,680)	(23,788)	(11,922)	(226,291)
Total costs of goods sold	(82,901)	(107,680)	(23,788)	(11,922)	(226,291)
Gross profit	35,784	57,829	12,236	10,579	116,428
Gross profit margin	30%	35%	34%	47%	34%

Notes constitute an integral part of these condensed interim consolidated financial statements

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18. Operating segments (cont.)

3 months ended 30 June 2022 (unaudited)	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES</i>	TOTAL
Sales revenue					
Sales to external customers	58,088	84,618	20,854	15,883	179,443
Total segment revenue	58,088	84,618	20,854	15,883	179,443
Cost of goods sold					
Sales to external customers	(38,470)	(58,333)	(14,287)	(8,840)	(119,930)
Total costs of goods sold	(38,470)	(58,333)	(14,287)	(8,840)	(119,930)
Gross profit	19,618	26,285	6,567	7,043	59,513
Gross profit margin	34%	31%	31%	44%	33%
3 months ended 30 June 2021 (unaudited)	<i>EXPORT SALES</i>	<i>WHOLESALE MARKET</i>	<i>RETAIL NETWORKS</i>	<i>RETAIL SALES</i>	TOTAL
Sales revenue					
Sales to external customers	61,850	87,219	16,072	11,984	177,125
Total segment revenue	61,850	87,219	16,072	11,984	177,125
Cost of goods sold					
Sales to external customers	(43,344)	(56,149)	(10,521)	(6,218)	(116,232)
Total costs of goods sold	(43,344)	(56,149)	(10,521)	(6,218)	(116,232)
Gross profit	18,506	31,070	5,551	5,766	60,893
Gross profit margin	30%	36%	35%	48%	34%

Notes constitute an integral part of these condensed interim consolidated financial statements

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

	6 months ended 30 June		3 months ended 30 June	
	2022	2021	2022	2021
	unaudited	Unaudited	unaudited	Unaudited
Amortisation and depreciation	7,538	6,947	3,717	3,502
Material and energy consumption	4,737	2,749	2,294	1,417
Third-party services, including:	20,198	15,462	11,024	8,579
<i>costs of transportation</i>	6,182	5,226	3,366	2,833
<i>logistics services (external warehouses)</i>	1,877	-	1,187	-
<i>IT, telecommunications and postal costs</i>	1,666	1,163	874	639
<i>online sales platform access services</i>	3,226	2,111	1,922	1,088
<i>service charges for space lease agreements</i>	1,805	2,069	1,263	1,378
<i>legal, audit and consulting costs</i>	2,011	1,283	1,189	914
<i>other third-party services</i>	3,431	3,610	1,223	1,727
Taxes and fees	919	830	458	387
Costs of employee benefits, including:	35,278	31,340	17,367	16,058
<i>Salaries</i>	29,632	26,424	14,618	13,547
<i>Social security</i>	4,869	4,120	2,428	2,076
<i>Employee capital plans</i>	72	68	31	39
<i>Other</i>	705	728	290	396
Other costs by type	4,616	5,226	2,641	2,654
Value of goods for resale and materials sold	245,917	226,291	119,930	116,232
Total costs by type and value of goods for resale sold	319,203	288,845	157,431	148,829
Selling costs, including:	55,039	44,974	27,941	23,080
<i>amortisation and depreciation</i>	5,434	5,470	2,352	2,772
<i>costs of employee benefits</i>	24,336	21,574	11,903	11,219
Administrative expenses, including:	18,247	17,580	9,560	9,517
<i>amortisation and depreciation</i>	2,104	1,477	1,365	730
<i>costs of employee benefits</i>	10,942	9,766	5,464	4,839
Value of goods for resale sold	245,917	226,291	119,930	116,232
Costs by type and value of goods sold	319,203	288,845	157,431	148,829

20. Income tax

	6 months ended 30 June		3 months ended 30 June	
	2022 unaudited	2021 Unaudited	2022 unaudited	2021 Unaudited
Profit before tax	48,376	52,751	21,883	28,525
Tax rate applicable in the period	19%	19%	19%	19%
Tax calculated at the applicable tax rate	9,191	10,023	4,157	5,420
Tax effect of the following items:				
- permanent tax differences – costs	107	109	(41)	3
- temporary differences for which assets were not created	1	(8)	(59)	(133)
- tax relating to previous years	(10)	-	(10)	103
Tax credits	-	(1)	-	(1)
Difference in tax rates between countries (16% rate in Romania, 25% in China)	718	440	415	172
Income tax reported in the profit and loss account	10,007	10,563	4,462	5,564
- current portion	10,175	10,135	3,813	5,611
- deferred portion	(168)	428	649	(47)

21. Changes in estimates**21.1 Inventory write-down**

In the first half of 2022, the Group increased the inventory write-down to the level of their net realizable value by PLN 1,461 thousand, while in the same period of 2021 the write-down on inventories was reduced by PLN 136 thousand.

21.2 Write-off for expected credit losses on receivables

In the first half of 2022, the Group increased the write-off due to expected credit losses related to trade receivables by PLN 187 thousand – see note 9 for more details. In the same period of 2021 the write-off was decreased by PLN 237 thousand).

21.3 Employee benefits obligations

In the first half of 2022, liabilities due to employee benefits decreased by PLN 1,050 thousand, mainly as a result of settlement of employee salaries liabilities recognized as at 31 December 2021. At the same time, the Group has increased the provision for unused holidays by the amount of PLN 500 thousand (in the same period of 2021 the provision was increased by PLN 542 thousand).

21.4 Provisions

In the first half of 2022, the Group increased the warranty provision by PLN 120 thousand (in the same period of 2021 the provision was increased by PLN 216 thousand.)

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21.5 Deferred tax

Deferred tax asset has increased in the first half of 2022 by PLN 1,089 thousand, mainly as a result of temporary differences from provisions created. Deferred tax provision was increased by PLN 970 thousand. In the same period of 2021, assets were increased by PLN 282 thousand, and the provision was increased by PLN 726 thousand. In the opinion of the Management Board of the Parent Company, there is no risk that the deferred tax asset could not be realized.

22. Fair value

Book value of financial assets and liabilities approximates their fair value. In the first half of 2022 and 2021, there were no changes in the business conditions and economic situation that would affect the fair value of financial assets and liabilities.

23. Financial guarantees granted and received

As at 30 June 2022, 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 439,133	28 February 2023
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 2022
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

(*) after 30 June 2022. the guarantee was extended until 3 August 2023 and the value was increased to EUR 246,355

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.

24. Contingent assets and liabilities

As at 30 June 2022, the Group had no significant contingent liabilities or contingent assets.

25. Transactions with related entities

In the first half of 2022 and 2021, 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,
- Toyota Katowice Sp. z o.o. - 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,
- Robert Borys – Vice-President of the Management Board – key management personnel (from 27 January 2022),
- Piotr Mondalski – President of the Supervisory Board – key management personnel,
- Jan Szmidski – 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 Szmidski - Member of the Supervisory Board – key management personnel.

	Trade and other receivables	Revenue from sales of goods	Purchase of goods and services
	30.06.2022	1.01.2022 - 30.06.2022	
Entities related through key management personnel	2	65	-
Total	2	65	-
	31.12.2021	1.01.2021 - 30.06.2021	
Entities related through key management personnel	1	2	-
Total	1	2	-

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

The remuneration and benefits paid or payable to the Company's key management personnel are as follows:

	6 months ended 30 June	
	2022	2021
Remunerations and benefits under employment contracts and appointment contracts - Management Board	2,589	2,088
Social insurance (ZUS) costs borne by the Company - Management Board	39	5
Remunerations for positions held - Supervisory Board	306	306
Social insurance (ZUS) costs borne by the Company - Supervisory Board	53	54
Employee Capital Plans (PPK) financed by the Company	3	3

26. Material events subsequent to the end of reporting period

26.1 Transactions in major blocks of shares

On 4 July 2022, the Company received a notification from the shareholder Norges Bank about the transaction, which resulted in decrease in the shareholder's share in the share capital of TOYA S.A. down to 3,336,531 shares, which constituted 4.45% of share in the Company's share capital.

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

On 23 August 2022, the Company made a payment of USD 1,300 thousand (PLN 6,165 thousand) for the share capital of Yato Tools (Jiaxing) Co. Ltd., which reduced the liability for the purchase of shares disclosed as of 30 June 2022.

Management Board of Toya S.A.

Date	Name and surname	Position	Signature
25 August 2022	Grzegorz Pinkosz	President of the Management Board	
25 August 2022	Maciej Lubnauer	Vice-President of the Management Board	
25 August 2022	Robert Borys	Vice-President of the Management Board	

Person responsible for bookkeeping:

Date	Name and surname	Position	Signature
25 August 2022	Iwona Banik	Chief Accountant	