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The Banks are acting exclusively for the Company, the Selling Shareholders and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offer and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to herein.

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# InPost Prospectus

We are a leading e-commerce enablement platform.



**Seeking admission to listing and trading of the shares in the capital of InPost S.A. on the regulated market operated by Euronext Amsterdam N.V. (ISIN: LU2290522684)**

**[www.inpost.eu](http://www.inpost.eu)**



## InPost S.A.

(a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg)

### Seeking admission to listing and trading of the shares in the capital of InPost S.A. on the regulated market operated by Euronext Amsterdam N.V.

This document (the “**Prospectus**”) relates to the seeking of admission to listing and trading (“**Admission**”) of all the shares in the share capital of the Company (as defined below), which amounts to 500,000,000 shares in the share capital of InPost S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”), having its registered office at 2-4 rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés, Luxembourg*) under number B248669 (the “**Company**”) with a nominal value of €0.01 each (the “**Shares**”), on the regulated market (“**Regulated Market**”) within the meaning of EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”), operated by Euronext Amsterdam N.V. (“**Euronext Amsterdam**”). Simultaneously, AI Prime & Cy SCA, a limited partnership (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 2-4 rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B212590 (“**AI Prime**”), Templeton Strategic Emerging Markets Fund IV, LDC, a Cayman Islands Exempted Limited Duration Company incorporated under the laws of the Cayman Islands, having its registered office at Maurant Ozannes Corporate Services (Cayman) Limited, Harbour Centre 42 North Church Street, PO Box 1348, Grand Cayman, KY-1-1108, Cayman Islands, represented by Templeton Asset Management Ltd (company registration number: 199205211E), a company incorporated in Singapore with its registered office at 7 Temasek Boulevard, #38-03, Suntec Tower One, Singapore 038987, being the manager of Templeton Strategic Emerging Markets Fund IV, LDC (“**FT**”) and PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2 with its registered office in Warsaw, Poland, entered into a register of investment funds under no. RFi 803 (“**PZU**”, and collectively with AI Prime the “**Selling Shareholders**”) are collectively offering up to 175,000,000 Shares (the “**Offer Shares**”), constituting 35.0% of the issued and outstanding shares in the capital of the Company, assuming no exercise of the Over-Allotment Option (as defined below). Assuming the Over-Allotment Option (as defined below) is exercised in full, the Offer Shares will constitute approximately 40.3% of the Shares. See “*The Offering*”. The Offer Shares include, unless the context indicates otherwise, the Over-Allotment Shares (as defined below).

The offering of the Offer Shares (the “**Offering**”) consists of private placements to certain institutional investors in various jurisdictions. As the Offering is being made on a private placement basis only, it is exempt from the obligation to approve and passport a prospectus under the Prospectus Regulation (as defined below). The Offer Shares are being offered and sold: (i) within the United States of America (the “**United States**” or “**US**”), to persons reasonably believed to be “qualified institutional buyers” (“**QIBs**”) as defined in, and in reliance on, Rule 144A (“**Rule 144A**”) under the US Securities Act of 1933, as amended (the “**US Securities Act**”), pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws; and (ii) outside the United States, in accordance with Regulation S under the US Securities Act (“**Regulation S**”). There will be no public offering in any jurisdiction that requires approval and/or passporting of the prospectus under the Prospectus Regulation (as defined below).

As at the date of this Prospectus there is no public market for the Shares. Application has been made to list and admit the Shares to trading on Euronext Amsterdam under the symbol “INPST”. Subject to acceleration or extension of the timetable for the Offering, trading, on an ‘as-if-and-when-issued/delivered’ basis, in the Offer Shares on Euronext Amsterdam is expected to commence on or about 29 January 2021 (the “**First Trading Date**”).

**INVESTING IN THE OFFER SHARES INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE DOCUMENT AND IN PARTICULAR THE SECTION HEADED “RISK FACTORS” FOR A DESCRIPTION OF RISK FACTORS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE INVESTING IN THE OFFER SHARES.**

**The price of the Offer Shares (the “Offer Price”) is expected to be in the range of €14.0 and €16.0 (inclusive) per Offer Share (the “Offer Price Range”).**

Citigroup Global Markets Europe A.G. (“**CGME**” and together with DMBH (as defined below), “**Citi**”), Goldman Sachs Bank Europe SE (“**Goldman Sachs**”) and J.P. Morgan A.G. (“**J.P. Morgan**”) are acting as joint global coordinators for the Offering (the “**Joint Global Coordinators**”), and, together with ABN AMRO Bank N.V. (“**ABN AMRO**”), Barclays Bank Ireland PLC (“**Barclays**”), BNP PARIBAS (“**BNP Paribas**”), Jefferies International Limited and Jefferies GmbH (together, “**Jefferies**”), as joint bookrunners for the Offering (the “**Joint Bookrunners**”), Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao (“**Bank Pekao**”), Dom Maklerski Banku Handlowego S.A. (“**DMBH**”), ING Bank N.V. (“**ING**”) and Pekao Investment Banking S.A. (“**Pekao Investment Banking**”), and together with Bank Pekao “**Pekao**”) are acting as co-bookrunners for the Offering (the “**Co-Bookrunners**”). The Joint Global Coordinators, the Joint Bookrunners, ING and Bank Pekao are together also referred to herein as the “**Underwriters**” and together with Pekao Investment Banking and DMBH, are referred to herein as the “**Banks**”).

AI Prime has granted CMGE as the “**Stabilisation Agent**”, on behalf of the Banks, an option (the “**Over-Allotment Option**”), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Banks, may require AI Prime to sell at the Offer Price up to a maximum of

15.0% of the total number of Offer Shares (the “**Over-Allotment Shares**”), to cover short positions resulting from any over-allotments made in connection with the Offering or to facilitate stabilisation transactions.

All of the Offer Shares will be delivered through the book-entry systems of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) trading as Euroclear Nederland (“**Euroclear Nederland**”).

**THE OFFER SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE US, AND MAY NOT BE OFFERED OR SOLD WITHIN THE US UNLESS THE OFFER SHARES ARE REGISTERED UNDER THE US SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT IS AVAILABLE. THE OFFER SHARES ARE BEING OFFERED AND SOLD IN THE US ONLY TO PERSONS REASONABLY BELIEVED TO BE QIBS AS DEFINED IN RULE 144A, PURSUANT TO RULE 144A OR ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, AND OUTSIDE THE US IN RELIANCE ON REGULATION S UNDER THE US SECURITIES ACT. THERE WILL BE NO PUBLIC OFFER OF THE OFFER SHARES IN THE US. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE COMPANY AND OTHER SELLERS OF THE OFFER SHARES MAY BE RELYING ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE US SECURITIES ACT, WHICH MAY INCLUDE RULE 144A OR REGULATION S THEREUNDER.**

This Prospectus constitutes a prospectus for purposes of Articles 3 and 6 of the Regulation EU No. 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a Regulated Market, and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”) and has been prepared in accordance with the provisions of the Prospectus Regulation and the Luxembourg law of 16 July 2019 on prospectuses for securities (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the “**Luxembourg Prospectus Law**”). This Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) on 20 January 2021, as the competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Offer Shares. This approval cannot be considered as a judgment on, or any comment on, the merits of the transaction, nor on the situation of the Company, or by approving this Prospectus the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Company, in line with the provisions of Article 6(4) of the Luxembourg Prospectus Law. The CSSF has neither reviewed nor approved any information in this Prospectus pertaining to the Offering. Investors should make their own assessment as to the suitability of investing in the Shares. The Company has requested the CSSF to notify its approval in accordance with article 25(1) of the Prospectus Regulation to the competent authority in the Netherlands, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the “**AFM**”), with a certificate of approval attesting that this Prospectus has been prepared in accordance with the Prospectus Regulation.

*Joint Global Coordinators and Joint Bookrunners*

Citigroup Global Markets  
Europe A.G.

Goldman Sachs  
Bank Europe SE

J.P. Morgan A.G.

*Joint Bookrunners*

ABN AMRO Bank N.V.

Barclays Bank  
Ireland PLC

BNP PARIBAS

Jefferies International  
Limited and Jefferies GmbH

*Co-Bookrunners*

Bank Polska Kasa Opieki  
Spółka Akcyjna – Biuro  
Maklerskie Pekao

Dom Maklerski Banku  
Handlowego S.A.

ING Bank N.V.

Pekao Investment  
Banking S.A.

This Prospectus is dated 20 January 2021 (the “**Publication Date**”)

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## SUMMARY

### Introduction and Warnings

The summary should be read as an introduction to this prospectus (the “**Prospectus**”) prepared in connection with the admission to listing and trading of the shares in the capital of InPost S.A. (the “**Company**”) with a nominal value of €0.01 (the “**Shares**”) on Euronext in Amsterdam, a regulated market operated by Euronext Amsterdam N.V. (“**Euronext Amsterdam**”) (“**Admission**”).

The international securities identification number (“**ISIN**”) of the Shares is LU2290522684. The issuer of the Shares is the Company. The Company’s legal and commercial name is InPost S.A., its telephone number is +352 266 388 105 and its website is [www.inpost.eu](http://www.inpost.eu). The legal entity identifier (“**LEI**”) of the Company is 2221003M23QLERR89585.

Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in a Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

This Prospectus has been approved by the *Luxembourg Commission de Surveillance du Secteur Financier* (the “**CSSF**”), as the competent authority under the Regulation EU No. 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended, on 20 January 2021. The CSSF has its registered office at 283, route d’Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg and telephone number +352 262511, fax number +352 26 25 1 2601 and e-mail address [direction@cssf.lu](mailto:direction@cssf.lu).

### Key information on the issuer

#### Who is the issuer of the securities?

**Domicile and Legal Form.** The issuer of the Shares is the Company. The Company is a public limited liability company (*société anonyme*) incorporated and operating under the laws of, and domiciled in, Luxembourg, and its LEI is 2221003M23QLERR89585.

**Principal Activities.** The Company is a holding company and together with its consolidated subsidiaries (the “**Group**”), it operates an e-commerce enablement platform in Poland providing APM (as defined below) delivery services, to-door delivery services and fulfilment services to e-commerce merchants. The Group also has growing operations in the UK. During and as at the year ended 31 December 2020, the Integer Group handled 310 million parcel deliveries, had more than 1.5 million lockers installed across its network of 12,254 APMs, had approximately 26,227 integrated merchants and 5.7 million active mobile users on its mobile application. The Group offers a suite of parcel delivery and fulfilment services primarily to e-commerce merchants for the delivery of goods sold by businesses-to-consumers (B2C), but also increasingly with respect to consumer-to-consumer deliveries (C2C) and consumer-to-business deliveries, i.e. returns (C2B).

The core business of the Group, the delivery of parcels to automated parcel machines (“**APMs**”), provides consumers and merchants a more flexible, convenient, cost-efficient and environmentally friendly delivery and return option. To complement the Group’s APM delivery services and to ensure that it can serve all of its merchants’ delivery needs, the Group also provides to-door delivery services. In addition to its delivery services, the Group offers warehousing and fulfilment services to merchants, comprising of all logistics services involved in e-commerce. The Group’s activities thus capture the entire e-commerce value chain, creating synergies in first and middle mile costs and enabling it to improve the experience of its merchants and consumers.

**Share Capital.** As of Admission, the Company’s share capital comprises of 500,000,000 Shares for which application has been made to list and admit the Shares to trading on Euronext Amsterdam.

**Major Shareholders.** AI Prime & Cy SCA (“**AI Prime**”) and A&R Investments Limited

**Management Board.** Rafal Brzoska is the Chief Executive Officer of the Company and Adam Aleksandrowicz is the Chief Financial Officer of the Company. Both Rafal Brzoska and Adam Aleksandrowicz are members of the management board of the Company (the “**Management Board**”).

**Independent Auditors.** PricewaterhouseCoopers, Société coopérative (“**PwC Luxembourg**”) are the independent auditors (*réviseur d’entreprises agréé*) of the Company.

**What is the key financial information regarding the issuer?**

The Company was incorporated on 6 November 2020 to act as the parent company of Integer.pl S.A. and its subsidiaries (the “**Integer Group**”) and InPost Technology S.à r.l. and did not have any operational activities before that time. In this Prospectus, the “**Group**” refers to the Company and its subsidiaries.

The following selected financial information relates to the Company as of the date of its incorporation and has been derived from the audited financial statements of the Company as of 6 November 2020, prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of financial statements. The financial statements of the Company as of 6 November 2020, have been audited by PwC Luxembourg who issued an audit report without qualification. As the Company was incorporated on 6 November 2020, and did not have any operational activities during the period under discussion, this Prospectus only contains a summary statement of financial position of the Company, as stated below.

**Summary statement of financial position of the Company**

	<b>As at 6 November 2020</b>
	<b>(in millions EUR)</b>
Total assets .....	0.03
Total capital, reserves and liabilities .....	0.03

**Summary pro forma financial information of the Company**

The following information concerns unaudited *pro forma* financial information of the Company comprising an unaudited *pro forma* statement of the financial position of the Company as at 30 September 2020 which has been prepared solely to illustrate the effect of (i) the reorganisation of the Group through incorporation of the Company and transfer of the entire capital interest in Integer.pl to the Company in a share-for-share exchange transaction; (ii) the assumption of new indebtedness by the Company and repayment of the existing facilities of Integer Group to AI Prime (Luxembourg) Bidco S.à r.l. (“**Bidco**”) and external lenders as well as a repayment of share premium by the Company to Bidco, to be made on or around Admission (together, the “**Reorganisation and Refinancing Transactions**”), as if the Reorganisation and Refinancing Transactions had taken place on 30 September 2020 (“**Unaudited Pro Forma Financial Information**”). The Unaudited *Pro Forma* Financial Information reflect the application of *pro forma* adjustments that are based upon available information and assumptions which the Company believes are reasonable under the given circumstances. The Unaudited *Pro Forma* Financial Information has been prepared by the Company and should not be considered indicative of actual financial position that would have been achieved had the Reorganisation and Refinancing Transactions been consummated on the date indicated nor it is meant to be indicative of any anticipated financial position. The Unaudited *Pro Forma* Financial Information has been prepared for illustrative purposes only. Because of its nature, the Unaudited *Pro Forma* Financial Information addresses a hypothetical situation and, therefore, does not represent the actual or future financial position of the Group. Neither the assumptions underlying the preparation of the Unaudited *Pro Forma* Financial Information nor the resulting Unaudited *Pro Forma* Financial Information have been audited or reviewed in accordance with any generally accepted auditing standards. The Unaudited *Pro Forma* Financial Information does not constitute financial statements within the meaning of the Luxembourg law of 19 December 2002, as amended.

					<b>Unaudited Pro Forma Financial Information of the Company</b>
<b>PLN in million</b>	<b>Integer.pl Actual</b>	<b>Company Actual</b>	<b>Pro Forma Adjustments</b>		
			<b>Share for share exchange</b>	<b>Refinancing transactions</b>	
Total assets .....	1,965.3	0.1	0.0	0.0	1,965.4
Total equity .....	482.4	0.0	0.0	(1,259.9)	(777.5)
Total liabilities .....	1,482.9	0.1	—	1,259.9	2,742.9

***What are the key risks that are specific to the issuer?***

- The Group's business is dependent on the overall level of consumer spending, which is affected by general economic conditions and spending patterns.
- The Group may face competition from new entrants and existing competitors on the e-commerce delivery market in Poland.
- The Group's performance depends on the continued growth of e-commerce and the corresponding shift from offline to online shopping in the markets in which it operates.
- The Group's industry is continuously and rapidly evolving. Consumer preference may change and may shift away from APM delivery.
- Allegro and certain other large merchants provide a substantial share of the Group's revenues and the termination of agreements with such merchants or reduction in business with them could harm the Group's business.
- Systems failures, downtime and interruptions in the availability of the Group's websites, applications, products or services could materially and adversely affect its business, financial condition and results of operations.
- A major breach of information security, data regulation or a major cyber security incident could trigger material service or operational interruption.
- The Group may not be able to identify or secure suitable new APM locations in a timely manner or at all, the Group may not be able to expand its current APM locations and it may not be able to renew its existing leases for APM locations or negotiate acceptable lease terms for new APM locations.
- The ongoing COVID-19 pandemic and measures taken in response to the pandemic as well as other future disasters or outbreaks, could materially affect the Group's ability to operate its business.
- The continued success of the Group's business depends on its reputation and the value of the InPost brand.
- The Company relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and the Company's ability to pay dividends may be constrained.

***Key information on Integer.pl***

As the Company was incorporated on 6 November 2020 it did not have any operational activities before that time and there is limited historical financial information available with respect to the Company. The historical financial information included in this Prospectus refers to Integer.pl which is a directly wholly owned subsidiary of the Company and has been the parent company of the Integer Group during the periods under discussion in this Prospectus. Please see " – *What is the key financial information regarding Integer.pl?*"

***Who is Integer.pl?***

**Domicile and Legal Form.** Integer.pl S.A. ("**Integer.pl**") is a joint-stock company (*Spółka Akcyjna*) incorporated and operating under the laws of, and domiciled in, Poland, and its LEI is 259400LFR0HG21XX9D96.

**Principal Activities.** Please see "– *Key information on the issuer – Principal Activities*" for information on the principal activities of the Group, which includes information on the principal activities of the Integer Group, given that Integer.pl is the Company's major subsidiary.

**Major Shareholders.** The Company is the sole shareholder of Integer.pl.

**Management Board.** Rafal Brzoska, Adam Aleksandrowicz, Marcin Pulchny, Dariusz Lipinski and Damian Niewiadomski are members of the management board of Integer.pl.

**Independent Auditors.** PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa ("**PwC Poland**") are the independent auditors of Integer.pl and KPMG Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa ("**KPMG**") are the predecessor auditors of Integer.pl.

The assignment of KPMG regarding the performance of audits of the statutory financial statements of Integer.pl expired as of 31 December 2019. As of 1 January 2020, Integer.pl engaged PwC Poland as its auditor.

***What is the key financial information regarding Integer.pl?***

The following selected financial information as of and for the years ended 31 December 2019, 2018 and 2017 has been derived from the audited historical consolidated financial information of Integer.pl as at and for the

years ended 31 December 2019, 2018 and 2017, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

The following selected financial information as at and for the nine months ended 30 September 2020 and 2019, has been derived from the interim condensed consolidated financial statements of Integer.pl and its subsidiaries as at and for the nine months ended 30 September 2020 and 2019, prepared in accordance with International Accounting Standard 34. The interim condensed consolidated financial statements of Integer.pl S.A. and its subsidiaries as at and for the nine months ended 30 September 2020 and 2019, have been reviewed by PwC Poland.

**Statement of profit or loss and other income data of Integer Group**

	For the Financial Year Ended 31 December			For the Nine Months Ended 30 September	
	2019	2018	2017	2020	2019
	(in millions PLN)			(in millions PLN)	
Revenue .....	1,232.0	726.2	482.5	1,666.2	832.5
Operating profit (loss) .....	128.6	(36.7)	(65.2)	392.7	82.7
Net profit (loss) .....	50.8	(14.8)	(211.8)	208.7	24.5
Year on year revenue growth .....	69.65%	50.51%	—	100.14%	—

**Summary of consolidated statement of financial position data of Integer Group**

	As at 31 December			As at 30 September
	2019	2018	2017	2020
	(in millions PLN )			(in millions PLN)
Total assets .....	1,569.8	1,177.3	993.8	1,965.3
Total equity .....	389.3	346.9	368.6	482.4

**Summary of consolidated cash flow information of Integer Group**

	For the Financial Year Ended 31 December			For the Nine Months Ended 30 September	
	2019	2018	2017	2020	2019
	(in millions PLN)			(in millions PLN)	
Net cash generated from (used in) operating activities .....	292.8	(18.9)	(43.8)	516.5	190.6
Net cash used in investing activities .....	(286.9)	(120.0)	(100.3)	(372.0)	(210.9)
Net cash generated from (used in) financing activities .....	46.3	73.3	247.7	(155.3)	93.4

**What are the key risks that are specific to Integer.pl?**

Please see “- Key information on the issuer – Principal Activities – What are the key risks that are specific to the issuer?” for a description of the key risks specific to the Group, which includes information on the key risks of the Integer Group, given that Integer.pl is the Company’s major subsidiary.

**Key information on the securities**

**What are the main features of the securities?**

**Type, Class and ISIN.** The Shares are shares in the capital of the Company with a nominal value of €0.01 each. The Shares are denominated in and will trade in Euro on Euronext Amsterdam. The Shares’ ISIN is LU2290522684. Application has been made for the listing and trading of all existing Shares, which will amount to 500,000,000 Shares.

**Rights attached to the Shares.** The Shares will rank *pari passu* with each other and holders of Shares will be entitled to dividends and other distributions declared and paid on them. Each Share carries distribution rights and entitles its holder the right to attend and to cast one vote at the general meeting of the Company (the “General Meeting”). There are no restrictions on the voting rights attached to the Shares. Each holder of

<p>Shares shall, subject to applicable law, have a preferential right of subscription in the event of the issue of new Shares, proportional to the fraction of the issued share capital represented by the Shares already held by it. The preferential subscription right may be limited or excluded by a resolution of the General Meeting or the Management Board in accordance with applicable law and the articles of association of the Company.</p> <p><b>Dissolution and Liquidation.</b> If the Company is dissolved or liquidated, the Company's assets shall be paid to the shareholders in proportion to their respective shareholdings. In the event of liquidation of the Company, the net assets remaining after payment of all debts, charges and expenses shall be distributed to the shareholders in proportion to their respective shareholdings.</p> <p><b>Restrictions on the Free Transferability of the Shares.</b> There are no restrictions on the free transferability of the Shares.</p> <p><b>Dividend Policy.</b> The Company will consider the opportunity to pay a dividend in the medium term while maintaining financial flexibility to invest in its growth both organically and inorganically.</p>	
<b>Where will the securities be traded?</b>	
<p>Application has been made to list and admit the Shares to trading on Euronext Amsterdam, under the symbol "INPST". Trading in the Shares on Euronext Amsterdam is expected to commence, on an "as-if-and-when-issued/delivered" basis, on or about 29 January 2021 (the "<b>First Trading Date</b>"). Prior to the Admission, there has been no public market for the Shares. The ISIN of the Shares is LU2290522684.</p>	
<b>What are the key risks that are specific to the securities?</b>	
<ul style="list-style-type: none"> <li>As the Company is incorporated under Luxembourg law and the Shares will be admitted to trading on a Regulated Market operating in the Netherlands, shareholders may be subject to multiple notification obligations.</li> <li>The Group is subject to the risk that non-compliance by AI Prime under the margin loan facility entered into between certain banks and financial institutions and AI Prime could impact the Shares</li> <li>The Group will face additional administrative requirements as a result of the listing and it may have difficulty in meeting those requirements.</li> <li>The price of the Shares may be volatile and affected by a number of factors, some of which are beyond the Group's control.</li> </ul>	
<b>Key information on the offer of securities to the public and/or the admission to trading on a regulated market</b>	
<b>Under which conditions and timetable can I invest in this security?</b>	
<b>Timetable.</b>	
<b>Event</b>	<b>Time and Date</b>
Pricing and allocation.....	29 January 2021
First Trading Date (trading on an "as-if-and-when-issued/delivered" basis) and Admission.....	29 January 2021
Settlement Date (payment and delivery) .....	2 February 2021
<p><b>Offer Price and Offer Price Range.</b> The price per Share (the "<b>Offer Price</b>") is expected to be in the range of €14.0 and €16.0 (inclusive) per Offer Share (the "<b>Offer Price Range</b>"). The Offer Price Range is an indicative price range.</p> <p><b>Joint Global Coordinators.</b> Citigroup Global Markets Europe A.G., Goldman Sachs Bank Europe SE and J.P. Morgan A.G.</p> <p><b>Joint Bookrunners.</b> The Joint Global Coordinators together with ABN AMRO Bank N.V., Barclays Bank Ireland PLC, BNP PARIBAS, Jefferies International Limited and Jefferies GmbH.</p> <p><b>Co-Bookrunners.</b> Dom Maklerski Banku Handlowego S.A., Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao, Pekao Investment Banking S.A. and ING Bank N.V.</p> <p><b>Underwriters.</b> The Joint Global Coordinators, the Joint Bookrunners, Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao and ING Bank N.V., together also referred to herein as the "<b>Underwriters</b>" and together with Dom Maklerski Banku Handlowego S.A. and Pekao Investment Banking S.A. the "<b>Banks</b>".</p> <p><b>Listing and Paying Agent.</b> ABN AMRO Bank N.V.</p> <p><b>Stabilisation Agent.</b> Citigroup Global Markets Europe A.G.</p>	



**Estimated Expenses.** The expenses related to the Admission consist of the fees for the Banks, the fees due to the CSSF and Euronext Amsterdam N.V., as well as legal and administrative expenses, financial adviser fees, publication costs and applicable taxes, if any. The Company estimates that its total expenses related to the Admission are approximately PLN 20.3 million.

***Why is this Prospectus being produced?***

**Reasons for the Admission to Trading.** The Admission is expected to enhance the Company's profile, brand recognition and credibility and to further improve the Company's ability to recruit, retain and incentivise its key management and employees. The Admission will also provide additional financial flexibility and diversity through access to a wider range of capital-raising options. In addition, the Admission will create a market in the Shares for existing and future shareholders.

**Use and Estimated Net Amount of the Proceeds.** The Company will not receive any proceeds from the Admission, the net proceeds of which will be received by AI Prime, Templeton Strategic Emerging Markets Fund IV, LDC and PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2 (together the "Selling Shareholders").

**Conflicts of Interest pertaining to the Admission.** Certain of the Banks and/or their respective affiliates have in the past engaged and may in the future, from time to time, engage in commercial banking, investment banking, financial advisory, risk management, hedging or other financial services and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, including the provision of loans and/or other debt instruments and risk management products, in respect of which the Banks have received and may in the future receive customary fees and commissions. The Banks may also provide risk management products to the Company and/or the Selling Shareholders or any parties related to any of them in connection with the Offering for which it could earn a profit, contingent on the closing of the Offering (and such profit may potentially be significantly in excess of the fees earned by the Bank for its services acting as Joint Global Coordinator and Joint Bookrunner or Co-Bookrunner in connection with the Offering). The Banks or their related parties may also acquire financial instruments issued by the Company, the Selling Shareholders, their related parties or financial instruments related to the financial instruments issued by any of the above entities.

Barclays Bank Ireland PLC, BNP PARIBAS, Citigroup Global Markets Europe A.G., Goldman Sachs Bank Europe SE, ING Bank N.V., J.P. Morgan A.G. and Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao (in each case directly, or through an affiliate) intend to enter into a commitment letter on or around the date hereof, to act as lenders to the Company under certain loan facilities, in respect of which they may in the future receive fees and commissions.

Barclays Bank Ireland PLC, BNP PARIBAS, Goldman Sachs Bank Europe SE and J.P. Morgan A.G. (in each case directly, or through an affiliate) may enter into financing documentation to act as lenders under a margin loan in respect of which they may in the future receive fees and commissions. Pursuant to such potential margin loan facility, AI Prime would grant a security interest to the margin loan lenders over substantially all of the Shares held by AI Prime as at the First Trading Date, subject to any exclusions from the requirement to pledge Shares as agreed with the margin loan lenders. In case of a default of AI Prime under such facility, the lenders would be in a position to enforce their security interest over such Shares, which may therefore result in a disposal or sale of Shares by the lenders. In addition, should the market price of the Shares decrease, the lenders might carry out hedging transactions in order to cover financial risk relating to the pledged shares.

Additionally, the Banks and/or their respective affiliates may have held and may in the future hold, in the ordinary course of their business, the Company's or the Selling Shareholders' securities for investment purposes. As a result, these parties may have interests that may not be aligned, or could possibly conflict, with the interests of investors.

## RISK FACTORS

*The information described in this section applies to the Group, unless specified otherwise.*

*Before investing in the Offer Shares, prospective investors should consider carefully all of the information that is included or incorporated by reference in this Prospectus and should form their own view before making an investment decision with respect to any Offer Shares. In particular, investors should evaluate the uncertainties and risks referred to or described below, which may materially and adversely affect the Group's business, results of operations and financial condition. Furthermore, before making an investment decision with respect to any Offer Shares prospective investors should consult their financial, legal and tax advisers, and consider such an investment decision in light of their personal circumstances. Should any of the following events or circumstances occur, the value of the Offer Shares could fall and an investor might lose part or all of its investment. Although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning its business and the Offer Shares, they are not the only ones the Group faces. Additional risks and uncertainties that are not presently known to the Group or that it currently deems immaterial may also materially and adversely affect the Group's business, results of operations and financial condition and may cause the market price of the Offer Shares to fall.*

### **Risks Relating to the Group's Business and Industry**

***The Group's business is dependent on the overall level of consumer spending, which is affected by general economic conditions and spending patterns.***

The Group's business is dependent on the overall level of consumer spending, in particular the level of consumer spending in Poland where it generates most of its revenues (in the nine months ended 30 September 2020, the Integer Group generated 99.4% of its revenues in Poland). The number of consumer goods purchased by shoppers online is affected by general economic conditions, particularly those which underpin consumer spending and shopping in the countries in which the Group is active. This in turn impacts the number of parcels the Group processes and delivers. Economic recession and other economic indicators, such as levels of employment, levels of disposable income, inflation, consumer credit availability and interest rates, may negatively impact spending patterns and can affect the Group's business. Furthermore, the economic situation in Poland in particular depends on a number of other factors that are beyond the Group's control, including government measures to influence the economy, such as setting levels of taxation, formulating government budgets and regulating the currency supply, interest rates and the labour market. The Polish demographic situation, macroeconomic conditions both globally and in Europe, as well as the inflow of funds from the European Union ("EU") also affect the country's economic situation.

In addition, a potential prolonged economic slowdown in the countries in which the Group is active resulting from the ongoing COVID-19 pandemic could negatively impact the Group's operations. Several schemes have been initiated by the Polish government and other governments to provide financial support to those parts of the economy most impacted by the COVID-19 outbreak, however there is no certainty that support schemes initiated by the Polish government and other governments will continue to be available or that it will be sufficient to counter the adverse effects of the COVID-19 outbreak on the economies of, and the level of consumer spending in, the countries in which the Group is active. The degree and the pace of any economic recovery following any downturn are uncertain. Higher unemployment, reduced disposable income and lower consumption, as well as fluctuations in the financial markets (including the currency market), may adversely affect the financial conditions of the Group's merchants and consumers. Since 31 December 2019, unemployment levels rose from 5.2% to 6.1% on 30 September 2020 (Source: Economist Intelligence Unit, Statistics Poland). Negative economic developments may have an adverse impact on consumer confidence and discretionary consumer spending, including on sales by the Group's merchants, which affect its business and results of operations. See also "*— The ongoing COVID-19 pandemic and measures taken in response to the pandemic as well as other future disasters or outbreaks, could materially affect the Group's ability to operate its business*".

There is also a risk of tax increases being imposed in order to address public debt levels that have recently increased as a result of the COVID-19 pandemic. Tax increases, for example as a result of the implementation of the digital tax on services and the implementation of the 2021 EU value added tax ("VAT") e-commerce package, may lead to increases in the prices of products sold by e-commerce merchants or may reduce consumers' income available for discretionary consumer spending, which could also weaken demand for the products offered by e-commerce merchants.

The Group's business, as well as the successful implementation of its strategy, including its plans for international growth, is highly dependent on the financial condition of e-commerce merchants and consumers and their continued and increased use of the Group's and its merchants' services. The financial condition of households, including the consumers of the Group's merchants, is highly correlated with the unemployment rate. An increase in the unemployment rate in the countries in which the Group is active could reduce consumer spending and lead to reduced use of the Group's services. Similarly a decrease in the unemployment rate in such countries could impact the Group's ability to hire and retain couriers and other employees, or result in labour inflation.

In addition, a potential prolonged economic slowdown in the United Kingdom (the "UK") resulting from the UK's decision to leave the EU could negatively impact the Group's operations in the UK.

Any deterioration of economic conditions in the countries in which the Group is active could have a material adverse effect on its business, financial condition and results of operations.

***The Group may face competition from new entrants and existing competitors on the e-commerce delivery market in Poland.***

As of the date of this Prospectus, the Group is the largest delivery company in Poland that delivers parcels through automated parcel machines ("APMs") measured by the number of parcels delivered through APMs and the number of APMs installed. See "Industry Overview". The Group may face competition both from new entrants and from existing carriers. Other large e-commerce platforms or large delivery companies, some of which currently only have limited or no activities in Poland and/or logistics capabilities and some of whom are currently the Group's merchants, may seek to expand their presence in Poland and may set up their own delivery network, including delivery to APMs. For example, a number of these companies and other potential and existing competitors made numerous statements in the past years and have also recently publicly stated that they were planning to explore the development of their own APM networks. In addition, current APM operators in Poland may seek to expand their networks. These new and existing competitors may have greater resources, global presences, longer histories, more users, or greater brand recognition than the Group does and may be able to devote more resources to infrastructure, fulfilment and sales and marketing than the Group does. If other parties are able to effectively compete with the Group in the APM delivery market, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group expects continued competition on a local, regional, national and international basis with respect to its home delivery business. The Group's competitors in the home delivery business include the national postal provider of Poland, Polish Post (*Poczta Polska*), other courier service providers such as DPD, UPS and DHL and local same-day delivery companies. Competitors may have or develop cost and organisational structures that differ from the Group's, and from time to time may offer services or pricing terms that the Group may not be able or willing to offer. If the Group is unable to adequately respond, and in timely fashion, to competitive pressures, its business, financial condition and results of operations could be materially and adversely affected.

***The Group's performance depends on the continued growth of e-commerce and the corresponding shift from offline to online shopping in the markets in which it operates.***

The growth of the Group's business depends on the development and growth of the retail market in the countries in which the Group is active and in particular the online retail and e-commerce segment in which it currently operates. E-commerce penetration for non-food and beverages categories in Poland, which remains underpenetrated relative to Western European countries, is expected to grow from approximately 13% in 2019 to 29% in 2024 (Source: Company, Market Reports). There is no guarantee, however, that the Polish e-commerce market will grow at the rates that the Group is projecting to occur, or at all.

A significant part of the growth of e-commerce, at the expense of offline shopping, in the year ended 31 December 2020 was attributable to the COVID-19 pandemic and may therefore not be representative of future growth of the e-commerce segment.

Slowing growth, stagnation or contraction in the e-commerce market in Poland and the UK or in geographies where the Group may expand its operations in the future, such as France, Italy and Spain, could have a material adverse effect on the Group's business, financial condition and results of operations.



***The Group's industry is continuously and rapidly evolving. Consumer preference may change and may shift away from APM delivery.***

The Group's industry is continuously and rapidly evolving. There could be a shift in consumer preference towards delivery methods other than APMs such as home delivery, delivery at pick-up drop-off facilities ("PUDO") or collection at the merchant's physical shop ("Click and Collect"). Competition may also come from other sources in the future, such as delivery by drones or by autonomous vehicles or other potentially disruptive solutions, particularly as technologies are continuously developed and the e-commerce landscape continues to evolve. If the Group is unable to adequately respond, and in timely fashion, to these developments, or is not able to sufficiently innovate, its business, financial condition and results of operations could be materially and adversely affected.

***Allegro and certain other large merchants provide a substantial share of the Group's revenues and the termination of agreements with such merchants or reduction in business with them could harm the Group's business.***

Some of the Group's largest merchants provide substantial contributions to its revenue. In particular, for the nine months ended 30 September 2020, the Group's largest merchant, Allegro, represented 26.2% of its revenue through its Allegro Smart! (as defined below) platform. In addition, for the nine months ended 30 September 2020, merchants with direct contracts with the Integer Group and selling their products through the Allegro platform represented an additional 20.7% of the Integer Group's revenue. On 11 September 2020, the Integer Group entered into a framework agreement with Allegro with a duration of seven years (the "**Framework Agreement**"). Pursuant to the Framework Agreement, Allegro committed to deliver a minimum volume of parcels on its Allegro Smart! Platform through the Group's delivery network for the 4.5 years following the entering into force of the agreement. For more information on the Framework Agreement please see "*Business Overview – Material Agreements*".

For the nine months ended 30 September 2020, the top 10 merchants after Allegro represented 7.5% of the Integer Group's revenue.

If the contract with Allegro is terminated or if the Group is unsuccessful in retaining its business with Allegro, its merchants or other large merchant contracts or if certain merchants do not grow their business, maintain their market share or maintain their size of business with the Group in line with its expectations or if they develop their own delivery solutions (see "*– The Group may face competition from new entrants and existing competitors on the e-commerce delivery market in Poland*"), the Group's business, financial condition and results of operations could be materially and adversely affected. Merchants may also seek price reductions when expanding their services with the Group or amending the scope of their services with the Group or when their business experiences volume changes. Furthermore, merchants may seek price reductions due to pricing competition or due to economic needs or pressures being experienced by the merchant.

In addition, with respect to the Group's home delivery business, where its couriers deliver directly to a consumer's chosen address, large merchants typically have arrangements with multiple e-commerce delivery companies (primarily in order to mitigate against risks such as downtime, delayed response time or default by an e-commerce delivery company). These merchants could shift business away at any given time without terminating their contract with the Group. If such large merchants terminate their contracts with the Group, if they shift business away from it, or if the Group is unsuccessful in retaining current pricing and other terms with such merchants, the Group's business, financial condition and results of operations could be materially and adversely affected.

***Systems failures, downtime and interruptions in the availability of the Group's websites, applications, products or services could materially and adversely affect its business, financial condition and results of operations.***

The Group's technology platform is critical to the day-to-day management of its operations and administration. The reliability of the Group's technology platform is particularly critical for the Group because the full-time availability of its services is necessary to attract, retain and service its merchants and consumers.

The Group experienced high growth rates in delivery volumes over the past years and expect growth to continue for the coming years. Despite efforts to implement architectural changes and upgrades to the Group's technology platform to ensure sufficient processing capacity on its delivery services as its business evolves and grows, the Group's technology platform may in the future, without additional investment, reach the limits of the number of deliveries it is able to process, resulting in longer processing time or even downtime or disruptions. The Group's efforts to ensure sufficient future processing capacity are

time-consuming, involve technical risk and may divert its resources from new features, and there can be no guarantee that these efforts will succeed. Furthermore, any efforts to further scale the Group's technology platform or increase its complexity to handle a larger number of deliveries could result in performance issues, including downtime and disruptions. A failure to adequately scale the Group's technology platform could materially and adversely affect its business, financial condition and results of operations.

In addition, the Group is in the process of developing a new integrated logistics system to which the current transport management system is expected to be migrated in the summer of 2021. See "*Business Overview – IT & Technology Platform*". This migration may result in interruptions to the Group's IT systems. Any compromise of the Group's data security or the Group's ability to access its IT systems at critical points in time could unfavourably impact the timely and efficient operation of the Group's business and subject it to additional costs and liabilities and may lead to loss of customers.

The Group's systems and those of its third-party service providers, including data centre facilities, cloud storage services and telecom service providers, have experienced service interruptions and may experience service interruptions in the future. Those service interruptions may be caused by hardware and software defects or malfunctions, and other events such as human error, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, terrorist attacks, computer viruses or other malware. The Group's systems also may be subject to break-ins, sabotage and intentional acts of vandalism, such as Distributed-Denial-of-Service ("DDoS") attacks, which the Group has experienced twice in 2020. The DDoS attacks the Group experienced so far did not have any material impact on its operations.

If third parties cease to provide the facilities, components or services the Group or its merchants rely on, breach their agreements with the Group or its merchants, or fail to meet the Group or its merchants' requirements due to financial or regulatory issues, labour issues, or other problems, the Group's operations could be disrupted or otherwise negatively affected. Despite any precautions the Group may take, the occurrence of unanticipated problems could result in interruptions in the Group's services or could result in related liabilities. If any third parties were to stop providing services to the Group or its merchants, the Group may be unable to procure alternatives from other third parties in a timely and efficient manner and on acceptable terms, or at all, which could have a material adverse effect on the Group's business, financial condition and results of operations. Please also refer to "*— The Group relies on third-party suppliers and service providers for several important functions, such as courier services, certain warehousing activities, transport logistics, APM deployment, APM manufacturing, payment processing and IT. The failure to find qualified service providers or the failure of the Group's service providers to perform their obligations could have a material adverse effect on the Group's business, financial condition and results of operations.*"

***A major breach of information security, data regulation or a major cyber security incident could trigger material service or operational interruption.***

The provision of services to the Group's merchants and consumers and the operation of its delivery networks and systems involve the collection, storage and transmission of significant amounts of proprietary information and sensitive or confidential data, including personal information of consumers, employees and others. Consequently, the Group is subject to a range of evolving regulations, contractual obligations, and consumer expectations around the governance and protection of various classes of data. For example, the European Union's General Data Protection Regulation ("GDPR"), which adds a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, became effective in May 2018. On two occasions, once in 2017 and once in 2019, the Group experienced incidents of data breaches. Both data breaches were reported to the Personal Data Protection Office in Poland. The office ordered an audit as a result of the breach in 2017. However, no financial penalties were imposed.

These evolving compliance and operational requirements impose significant costs that are likely to increase over time. In addition, any compliance failure may also give rise to civil liability, administrative orders to stop processing personal data, fines or even criminal charges and could subject the Group to legal and reputational risks and could have a material adverse effect on the Group's business, financial condition and results of operations. The Group collects, stores and uses data in the ordinary course of its operations that is protected by data protection laws. Although the Group takes precautions to protect customer data in accordance with the privacy requirements provided for under applicable laws, it may fail to do so and certain subscriber data may be leaked as a result of human error, wilful misconduct or technological failure or otherwise be used inappropriately, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group is a potential target of cyber-attacks that could threaten the confidentiality, integrity and availability of data in its systems. A cyber-attack, accidental or unauthorised disclosure of data

could lead to recovery costs, damage to the Group's reputation, litigation brought by the Group's merchants or consumers or a diminished ability to operate the Group's business. Please also see “- *Systems failures, downtime and interruptions in the availability of the Group's websites, applications, products or services could materially and adversely affect its business, financial condition and results of operations.*”.

***The Group may not be able to identify or secure suitable new APM locations in a timely manner or at all, the Group may not be able to expand its current APM locations and it may not be able to renew its existing leases for APM locations or negotiate acceptable lease terms for new APM locations.***

The Group's strategy entails the deployment of new APMs and expanding the capacity of existing APM locations in Poland as well as in certain other countries, in order to increase the density of its APM network and manage increasing volumes of parcel deliveries in existing locations (see “*Business Overview – Strategy – Increasing the serviceable volume and covered population with new whitespace roll out.*”). The Group intends to expand the number of APM locations and the capacity of its existing APM locations. Securing attractive APM locations and expanding current APM locations is critical for the Group's business as density and proximity of APM locations are a key component of the Group's value proposition. The Group may face competition for APM locations that meet its selection criteria. The Group also may face competition in the search for attractive APM locations in city centres and other urban areas. For merchants, it is important that the Group has APM locations which are convenient for their consumers. If the Group fails to secure new APM locations or expand the capacity of its existing APM locations, this could slow its growth.

In addition, the Group partially relies on third-party suppliers for the manufacturing of APMs. For more information please refer to “— *The Group relies on third-party suppliers and service providers for several important functions, such as courier services, certain warehousing activities, transport logistics, APM deployment, APM manufacturing, payment processing and IT. The failure to find qualified service providers or the failure of the Group's service providers to perform their obligations could have a material adverse effect on the Group's business, financial condition and results of operations.*”

Furthermore, there is a risk that landlords of current APM locations will terminate existing leases. If a lease for an APM location is terminated, the Group will have to relocate the lockers. When relocating the lockers, the Group may incur significant costs in identifying and securing suitable alternative locations and it may be unable to find a suitable location at all. If the Group fails to find alternative APM locations which are convenient for its merchants' consumers, it may impact the Group's ability to retain existing merchants and attract new merchants. In addition, this may also adversely affect the Group's consumer satisfaction and its reputation.

The Group's ability to negotiate commercially acceptable lease terms for APM locations may be adversely affected by fluctuations in the commercial property rental market, such as decreases in the number of available locations, increases in market rents or increased competition for attractive locations. Such fluctuations in the commercial property rental market may increase the Group's cost base which could have a material adverse effect on its business, financial condition and results of operations.

***The ongoing COVID-19 pandemic and measures taken in response to the pandemic as well as other future disasters or outbreaks, could materially affect the Group's ability to operate its business.***

The outbreak of COVID-19 has resulted in authorities, including those in Poland, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of businesses and workplaces. The duration of such restrictions is highly uncertain and further measures, including lockdowns of particular areas in Poland, may be put in place in the future, which may result in the unavailability of the Group's services.

The spread of COVID-19 has led the Group to modify its operational practices, and the Group may need to take further actions required by authorities or that it believes are in the best interests of its employees, merchants, consumers and other stakeholders. The Group has implemented a work-from-home policy. For employees who work in the Group's warehouses or the delivery personnel who cannot work remotely, the Group has implemented additional protective procedures, including equipping employees with personal protective equipment (e.g. masks, gloves, disinfectants, hand sanitisers and face shields), implementing social distancing, implementing dedicated areas for groups of employees to minimise employee contact, increasing the frequency of cleaning in the Group's facilities, monitoring the temperature of the Group's employees at the entry of its offices and purchasing COVID-19 tests in order to quickly test potentially exposed employees in the warehouses. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 and the implementation of such measures (or their insufficiency)

could result in increased employee absences due to illness or closure of facilities and harm the Group's ability to perform some or all of its delivery services. In particular, the Group's APM locations may become unavailable or inaccessible for consumers due to the implementation of a more stringent lockdown (e.g. limiting free movement of people as occurred in certain countries, including Poland, in the spring of 2020 or due to government recommendations to leave houses only in urgent cases as announced in Poland in December 2020) or other measures. Any such unavailability or inaccessibility of the Group's APM locations could have a material adverse effect on its business, financial condition and results of operations.

In addition, the implementation of COVID-19 related measures could have a disruptive effect on certain businesses in Poland and in the other countries in which the Group is active, which could have a material and adverse effect on the supply chain and on the demand for the Group's services. The pandemic and related countermeasures have affected and are expected to continue to affect the operations of some of the Group's merchants adversely, which in some cases may be material, which could in turn have a material and adverse effect on the demand for the Group's services.

As of the date of this Prospectus, COVID-19 had a net positive impact on the Group's business and financial results, as it contributed to the growth of the e-commerce market in the year ended 31 December 2020 (See "— *The Group's performance depends on the continued growth of e-commerce and the corresponding shift from offline to online shopping in the markets in which it operates.*"). However, the degree to which COVID-19 affects the Group's ability to operate its business or the Group's financial results will depend on future developments, which, as of the date of this Prospectus, are highly uncertain. These future developments relate to, but are not limited to, the duration and spread of COVID-19, its severity, the scope and effect of measures implemented to contain the virus or treat its impact, the availability of vaccines, treatments and cures and the extent to which normal business operations can continue. Such future developments could negatively affect or disrupt the Group's ability to continue to operate its business more significantly in the future than what occurred up to the date of this Prospectus.

***The continued success of the Group's business depends on its reputation and the value of the InPost brand.***

The Group believes that the InPost brand name symbolises high-quality service, reliability and speed. The Group also believes that InPost is a recognised and trusted e-commerce delivery company in Poland generating positive customer feedback. As a result, the InPost brand is one of the Group's most important and valuable assets. The InPost brand name and the Group's corporate reputation are powerful sales and marketing tools and the Group devotes significant resources to promoting and protecting them. Adverse publicity (whether or not justified) relating to the Group's activities, its team members or third parties with whom the Group does business, including customer service mishaps, accidents, loss and theft of parcels, accidents involving vehicles operating in the Group's delivery business, data breaches or technology infrastructure disruptions or the non-compliance with laws, could tarnish the Group's reputation and reduce the value of its brand. With the increased use of social media outlets such as LinkedIn, Facebook, YouTube, Instagram, TikTok and Twitter, adverse publicity can be disseminated quickly and broadly, making it difficult for the Group to respond effectively. Also, a malfunctioning or safety issue of the APMs could have an adverse effect on the Group's reputation. In addition, if the Group is not able to maintain and continually improve user experience with the APMs or its mobile application or other interfacing tools, the Group's reputation may be damaged. Damage to the Group's reputation and loss of brand equity could reduce demand for its services and could have a material adverse effect on its business, financial condition and results of operations, as well as require additional resources to rebuild the Group's reputation and restore the value of its brand.

***The Group may be unable to effectively manage its growth and the Group's operations might not be able to keep up with increasing demand.***

In the last three years, the Group has experienced significant organic growth and it aims to continue to grow its business. See "*Business Overview –Strategy*". The growth of the Group has placed and is expected to continue to place significant demands on its management and its administrative, financial and operational infrastructure, such as warehousing, storage, logistics and IT. In addition, the Group has experienced an increasing demand for its services due to the acceleration of the adoption of e-commerce services, as a result of COVID-19.

To manage growth of the Group effectively, it may be required to continue to expand and improve its management, administrative, financial and operational infrastructure by, among other things:

- further improving the Group's key business applications, processes and IT infrastructure;



- recruiting and training qualified senior managers and other key personnel to manage expanded operations;
- ensuring that the Group's internal control, risk management policies and procedures are effective in mitigating the increased risk exposure of an enlarged business;
- expanding and updating the Group's logistical capabilities and its warehousing and storage facilities;
- continuing operational improvements to increase utilisation of the Group's APMs; and
- expanding the Group's existing APM network by adding new APMs and installing expansions for existing APMs.

If the Group fails to strengthen its management, administrative, financial and operational infrastructure to meet the additional requirements placed on them as a result of the further growth of the Group's business, the quality of the services it offers to merchants and consumers could decline and the efficiency of the Group's operations could be materially adversely affected. Furthermore, if the Group's capacity is stretched this could result in additional costs, which would adversely affect the Group's profit margins. In addition, if the Group is not able to keep up with the increasing demand for its services due to the acceleration of the adoption of e-commerce services as a result of COVID-19, the Group's reputation may be adversely affected. Any of these developments could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may face challenges in expanding its operations outside of Poland.***

As the Group continues to expand its operations into new markets, it will face risks associated with expanding into markets in which the Group has limited or no experience and in which its brand may be less well-known. The Group may be unable to attract a sufficient number of merchants or consumers, fail to anticipate competitive conditions or face difficulties in operating effectively or profitably in these new markets. In addition, the Group may not be able to find suitable APM locations or a suitable logistics partner in these countries at commercially acceptable terms or at all. The Group may also not be able to recruit a sufficient number of courier drivers to perform the deliveries. Furthermore, the Group may require permits or planning consents from local authorities when setting up APM locations in these countries. Any inability or delays in adding APM locations in these countries could restrict or delay the Group's roll-out plans or increase its roll-out costs in these countries and materially and negatively affect the Group's international growth strategy.

Pursuing selected acquisitions of existing delivery businesses and transforming them into APM delivery businesses is part of the Group's strategy to expand its operations outside of Poland. The Group may fail to do so. Please see “– *The Group may fail to acquire other businesses as contemplated by its growth strategy or to realise the expected benefits from such acquisitions and the Group may inadvertently acquire actual or potential liabilities*”.

The expansion of the Group's business will also expose it to risks inherent in transacting business internationally, including:

- lack of acceptance of the Group's service offerings;
- challenges and increased expenses associated with staffing and managing international operations and managing an organisation spread over multiple jurisdictions;
- differing and potentially adverse legal and tax consequences;
- increased and conflicting regulatory compliance requirements;
- challenges caused by distance, language and cultural differences;
- increased costs to protect intellectual property;
- exchange rate fluctuations; and
- general economic or political conditions in particular countries or regions.

As the Group expands further into new regions, these risks are likely to intensify. Any one of these factors could adversely impact the success of the Group's international operations.

The Group has tried to expand its operations internationally in the past and it faced difficulties in doing so, due to various factors, such as (i) targeting too many new geographic markets simultaneously;

(ii) entering relatively small markets, which requires a similar effort as entering bigger markets, but generates less revenue; (iii) pursuing a full nationwide approach in a new geographic market instead of targeting areas of the greatest population density first; and (iv) difficulties in establishing APM delivery as a popular delivery method in new geographic markets without having the appropriate APM network density. As a consequence, in 2017 the Group decided to discontinue operations in certain countries, including Hungary, the Czech Republic, Slovakia, France and Canada. Going forward the Group intends to employ a different strategy for future international expansion, with a more targeted approach towards certain large cities. See “*Business Overview – Strategy*”. However, there is no guarantee that this strategy and the expansion of the Group’s operations internationally will be successful. Failure to expand the Group’s business internationally could have a material adverse effect on its business, financial condition and results of operations.

***The Group relies on third-party suppliers and service providers for several important functions, such as courier services, certain warehousing activities, transport logistics, APM deployment, APM manufacturing, payment processing and IT. The failure to find qualified service providers or the failure of the Group’s service providers to perform their obligations could have a material adverse effect on the Group’s business, financial condition and results of operations.***

The Group relies on third-party suppliers and service providers to provide certain important products and services, such as courier services, certain warehousing activities, transport logistics, APM deployment, APM manufacturing, payment processing and IT.

The Group relies on third-party suppliers for the manufacturing of APMs. In particular, the Group relies on third-party suppliers for the delivery of parts for the APMs and on third-party manufacturers for producing the majority of the APM extension modules and part of the central units. Any defaults or failure to provide the Group with the materials it requires in a timely manner or at all, may delay or disrupt the Group’s plans to expand its APM network.

In addition, the Group relies on the services of its IT supplier, which develops and maintains certain key components of the Group’s technology platform, such as its current transport management system. If the Group’s IT supplier fails to provide maintenance or development of the Group’s technology platform to the Group of sufficient quality, or exercises its right to terminate its contract with the Group, this could have a material adverse effect on the Group’s ability to operate its business and provide its services to merchants and consumers. Please also refer to “— *Systems failures, downtime and interruptions in the availability of the Group’s websites, applications, products or services could materially and adversely affect its business, financial condition and results of operations.*”

While the Group seeks to monitor such third-party suppliers and service providers, it does not have direct control over the quality of the services that they provide. Poor performance, defaults, the failure to deliver products or perform services effectively or in a timely manner or other failures by a third-party supplier or provider may lead to delays, unanticipated additional costs, disruptions to the services the Group provides and penalties and liabilities incurred by the Group, and may harm its business and reputation. Disputes with suppliers or service providers that fail to deliver products or perform services properly or otherwise fail to meet their obligations towards the Group may result in extended and time-consuming litigation.

Any of these developments could have a material adverse effect on the Group’s business, financial condition and results of operations.

***The Group may fail to successfully implement its strategy or achieve any or all of the financial objectives included in this Prospectus.***

The Group has set itself a number of financial objectives, which are described in “*Business Overview – Financial Objectives*”. The Group’s ability to achieve these financial objectives depends on its ability to successfully execute its strategy and on the accuracy of a number of assumptions upon which they are based. These assumptions involve factors that are substantially or entirely beyond the Group’s control and are subject to known and unknown risks, including the risks described in this section “*Risk Factors*”, uncertainties and other factors that may result in the Group’s inability to achieve its financial objectives. In particular, the Group’s ability to successfully implement its strategy and achieve its financial objectives may be impacted by factors such as general economic and business conditions and competition in the Group’s industry, all of which are outside of its control. If one or more of the assumptions that the Group has made in determining its strategy or setting its financial objectives is inaccurate, or if one or more of the risks

described in this section “*Risk Factors*” were to occur, the Group may be unable to implement its strategy or achieve one or more of its financial objectives.

***The Group is subject to laws and regulations. Changes in the laws and regulations that the Group is subject to could have a negative effect on its business.***

The Group’s operations and business practices are subject to laws and regulations in the various jurisdictions in which its business is located (see “*Regulation*”). It is difficult to predict with accuracy the future development of such laws or regulations. For example, it cannot be excluded that in the future regulations will be implemented which would introduce permit requirements for deployment of APMs. Compliance with such changes to laws and regulations may result in increases of the Group’s cost base. If the Group fails to comply with such changes to laws and regulations, it could suffer fines or other penalties, including regulatory or judicial orders enjoining or curtailing aspects of the Group’s operations. Such increased costs, fines or penalties could materially and adversely affect the Group’s business, results of operations and financial condition.

Although there are currently no pending proceedings concerning the Group’s compliance with competition, anti-trust laws or consumer protection laws, from time to time the Group receives inquiries from the Polish Office of Competition and Consumer Protection as a part of explanatory or verification proceedings. Any change in applicable antitrust legislation or interpretative policy, including a recategorisation of the relevant markets in which the Group is active, could lead to antitrust procedures or otherwise materially and adversely affect the Group’s ability to operate and grow its business and could materially and adversely affect its business, results of operations and financial condition.

***The Group is subject to laws aimed at preventing money laundering, bribery and the financing of terrorism. Failure to comply with these laws could have a negative effect on the Group’s business.***

The Group’s business is subject to laws aimed at preventing money laundering (“*AML*”), bribery and the financing of terrorism (“*CFT*”). In addition, the Group is subject to sanctions laws and regulations which prohibit it from transmitting money to certain specified countries or to or on behalf of certain individuals. Although the Group has procedures in place to ensure compliance with applicable laws and regulations, it cannot guarantee that the risk of non-compliance is completely mitigated. Fines and penalties, which may include the shutting down of operations, could be imposed in the countries in which the Group operates, and more stringent AML, CFT, sanctions or anti-bribery legislation could create the need for increased resources devoted to the Group’s compliance functions. Any failure, or suspected failure, by the Group to comply with its obligations relating to AML, CFT, sanctions or anti-bribery, could not only have a material adverse effect on its business, financial condition and results of operations but could also have a material adverse effect on the Group’s reputation and goodwill in general.

The Group relies on the ability and integrity of its management and employees to properly comply with laws and regulations procedures. If the Group fails to train and manage its employees properly, its internal controls and procedures may be ineffective and the Group may be at an increased risk of non-compliance with applicable laws and regulations.

***If the Group cannot retain its management team and other key employees, it may not be able to manage its operations successfully and pursue its strategic objectives.***

The Group’s business, future growth and success depend to a large extent on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge in the e-commerce and delivery business. Competition for suitably qualified employees is intense and could further intensify.

In particular, the Group is dependent on the continued involvement of its senior management, many of whom have significant experience in the e-commerce and delivery industries and could be difficult to replace. The loss of any of the members of the Group’s senior management or a significant diminution in their contribution to the Group’s business could adversely affect its ability to continue to operate its business and pursue its strategic objectives. Despite having implemented incentive and retention schemes, the Group may lose members of its senior management team and be unable to replace such members in a timely manner, which could materially and adversely affect its ability to continue to operate its business and pursue its strategic objectives.

***If the Group is not able to attract a sufficient number of couriers and sorting-staff and employees for other facilities, it may not be able to operate its business and successfully pursue its strategic objectives. In addition, salary increases could have a negative effect on the Group's business.***

The Group is dependent on its ability to attract and retain sufficient couriers and sorting-staff and employees for other facilities. The couriers the Group uses are independent sub-contractors. There is no guarantee that the Group will be able to retain and contract sufficient numbers of couriers in the future.

The Group uses temporary employment agencies to recruit employees, which could prove to be unreliable in providing qualified employees in sufficient numbers. Furthermore, a material number of the couriers and the Group's employees that work in its sorting hubs and warehouses in Poland are non-EU citizens from Eastern Europe. Any change in the rules for non-EU citizens on the Polish labour market or any incentive for those employees to move to Western Europe or other countries, could adversely affect the Group's ability to recruit a sufficient number of employees. Any shortages in its workforce could lead to the Group being unable to meet the demand of its merchants and consumers, could damage its reputation, affect its ability to continue to operate its business and pursue its strategic objectives and could have a material adverse effect on the Group's business, financial condition and results of operations.

Service payments, salaries and related benefits of the Group's employees and couriers represent substantial costs for its business. Increases in service payments, salaries or related benefits, due to labour shortages, regulatory or tax changes, such as the reclassification of service contracts with the Group's couriers as employment contracts which could result in an increase of costs related to, amongst others, minimum wage, holiday pay or pension costs, or other reasons, could have an adverse impact on the Group's operating profits, in particular if it is unable to pass on increased costs to its merchants and/or consumers.

***Increasing transportation costs may negatively affect the Group's results of operations.***

The Group's operations depend to a large extent on road transport. As a result, transportation costs form a substantial part of the Group's cost base. Any increase of costs stemming from toll charges or commodity price fluctuations, in particular fluctuating prices for gasoline and diesel, which cannot be passed on to the Group's merchants or consumers, could adversely affect its cost base and results of operations. In addition, global concerns about climate change have led to, and may lead to further, governmental actions or regulations with the aim to reduce CO<sub>2</sub> emissions, for example congestion charges and the implementation of low emission zones in various large cities in Europe. Such actions and regulations are likely to affect and restrict in particular road traffic. Local authorities might impose regulations to limit both the volume of road traffic and emissions in city centres in the future. Such actions and regulations could adversely affect the Group's ability to operate its business or to operate it in a cost efficient manner. If the Group is not successful in passing on the resulting additional costs to merchants or consumers, its business, financial condition and results of operations could be adversely affected.

***Litigation, proceedings, employee complaints, consumer complaints or investigations could result in material settlements, fines, penalties or adverse publicity and may adversely affect the Group's business, financial condition and results of operations.***

From time to time, the Group is the subject of litigation, proceedings, employee complaints, consumer complaints or investigations related to its business, which may result in fines, penalties, judgments, settlements and litigation expenses. As of the date of this Prospectus, the Group is not involved in any material litigation procedures. See "Business Overview – Legal and Arbitration Proceedings". Regulatory and judicial proceedings and potentially adverse developments in connection with ongoing litigation may adversely affect the licences the Group holds as well as its business, financial condition and results of operations. There may also be adverse publicity associated with lawsuits, investigations, employee complaints, consumer complaints or fines that could decrease merchants' and consumers' demand for the Group's services. Plaintiffs or authorities in these lawsuits, actions or investigations may seek recovery of very large or indeterminate amounts and the magnitude of these actions may remain unknown for substantial periods of time. The cost to defend or settle future lawsuits or investigations may be substantial and could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's business and operating results may be adversely affected by disruption to its facilities.***

Logistics services require a complex operating infrastructure (which includes the availability of internal as well as external infrastructure such as roads) with high quality standards to avoid disruptions to the flow of deliveries. The infrastructure the Group relies on, its sorting hubs, warehouse facilities, APMs and delivery vans could be adversely affected by extraordinary events, including fire, explosion, structural



collapse, mechanical failure, extended or extraordinary maintenance, road construction or closures of primary access routes, extraordinary weather conditions such as heavy snow, flood, windstorm or other severe weather conditions, directives from government agencies or power interruptions. If any aforementioned extraordinary event occurs at the infrastructure the Group uses, or any of its main warehouse facilities, APM locations or delivery vans, storage and delivery capacity could be reduced, which could have a material adverse effect on the Group's business, financial condition and results of operations. The measures which the Group has in place to mitigate such risks may prove to be insufficient or ineffective. Disaster recovery plans may not prevent business disruption and reconstruction of any damaged facilities could require a significant amount of time and money. In addition, parcels could be stolen, damaged or lost. The Group has implemented a new monitoring system in order to reduce theft, but it have not yet been able to fully eliminate this issue. Furthermore, although the Group carries insurance to cover losses at its warehouses, sorting hubs, APMs and delivery vans and losses due to interruptions in the business, such policies are subject to limitations such as deductibles and maximum liability amounts. These insurance policies therefore may not cover all losses, including loss of the business that merchants or consumers may place with competitors as a result of such interruptions. The Group may also incur losses that are outside the scope of coverage of its insurance policies. As a result, losses could occur if any of the Group's facilities were damaged or ceased operating.

***Delayed payment or failure to pay by the Group's merchants could have an adverse effect on its business.***

The Group is exposed to a risk of delayed payment or failure to pay by its merchants. Sales by merchants can be made with deferred payment for 14 to 90 calendar days without penalty. The Group aims to reduce the risk by monitoring outstanding payments, blocking access to services for non-paying merchants beyond the 14 to 90 days and by entering into credit insurance. However, the Group cannot guarantee that its credit procedures and policies are adequate to eliminate credit risks. In addition, there can be no assurance that the type or level of the Group's credit insurance coverage is adequate or that it will be able to maintain its existing insurance or obtain comparable insurance at a reasonable cost, if at all. Any failure to manage credit risk could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may fail to acquire other businesses as contemplated by its growth strategy or to realise the expected benefits from such acquisitions and the Group may inadvertently acquire actual or potential liabilities.***

Pursuing selected acquisitions of existing delivery businesses and transforming their business to APM delivery business is part of the Group's strategy and may be a way to expand its business in the future. In furtherance of its strategy, the Group is evaluating and expects to continue to evaluate on an ongoing basis, possible acquisition transactions in continental Europe, including transactions that would be significant to it. The Group cannot predict the timing, or the probability of completion, of any contemplated transactions. At present, the Group is engaged in active discussions to acquire a PUDO delivery services group in Europe, see "Operating and Financial Review – Recent Developments and Current Trading".

The success of this part of the Group's strategy depends on its ability to identify suitable acquisition candidates and investment opportunities. The Group cannot guarantee that it will be able to identify and acquire suitable acquisition candidates or investment opportunities, including the potential acquisition described above, on reasonable terms, or at all, or that it will be able to obtain the necessary funding to finance any of them. To the extent it is successful in making acquisitions, the Group may have to commit substantial management resources, expend substantial amounts of cash, incur debt, assume loss-making divisions and incur other types of costs and expenses. In addition, the Group may not achieve the cost savings, synergies or other benefits that it hopes to achieve from acquisitions and it may not be successful in transforming the acquired business to an APM delivery business. The Group cannot guarantee that the integration of any future acquisitions will yield benefits to it that are sufficient to justify the expenses the Group incurs in completing such acquisitions. The Group could also incur extraordinary or unexpected legal, regulatory, contractual, labour or other costs as a consequence of acquisitions. As such, the Group's broader growth strategy could be unsuccessful and may fail to achieve anticipated benefits for its future earnings and profitability.

Furthermore, through acquisitions the Group may inadvertently acquire actual or potential liabilities despite the due diligence it performs. These liabilities may include, but are not limited to, exposure to legal claims such as third-party liability and other tort claims, claims or penalties as a result of breach of applicable laws or regulations, claims for breach of contract, employment-related claims, environmental liabilities or tax liabilities. Although acquisition agreements may include indemnities in the Group's favour, these indemnities may not always be enforceable, may expire or be limited in amount and the Group may

have disputes with the sellers regarding their enforceability or scope. If the Group acquires any of these or other liabilities, and such liabilities are not adequately covered by an applicable and enforceable indemnity, keep-well, guarantee or similar agreement from a creditworthy counterparty, it will be exposed to these liabilities. Such liabilities, if they materialise, could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group may not be able to maintain the required level of insurance coverage on acceptable terms or at an acceptable cost and the Group's insurance coverage may not adequately cover all losses.***

The Group's insurance cover includes insurance of courier parcels during domestic and international transportation, civil liability insurance for a carrier in domestic transportation, assets, electronic equipment and machine insurance, cyber-insurance and civil liability insurance covering commercial activity. The Group may not be able to maintain insurance on acceptable terms in the future or to maintain a level of insurance that would provide adequate coverage against potential third-party liability, health and safety and other claims. An increase in the number of claims generally or against the Group in particular may cause the costs of insurance for the industry as a whole or the Group in particular to rise and comprehensive insurance coverage may become more difficult to attain. In addition, no assurance can be given that the coverage that the Group maintains is adequate to cover the losses for which the Group believes it is insured.

Any increase in the cost of insurance in the market may depress the Group's profit margins and the event that the Group's insurance is not adequate could have a material adverse effect on its business, financial condition and results of operations.

***The Group is subject to currency exchange rate risk in the conduct of its business.***

The New Facilities (as defined below) comprise the PLN 1,950.0 million New Term Loan (as defined below) and the PLN 800.0 million (equivalent) New RCF (as defined below). The New RCF is a multi-currency facility, available to be drawn in PLN, GBP and EUR and other currencies only by agreement with the facility agent under the New Facilities. The Group is therefore subject to currency exchange risk to the extent there are fluctuations in the exchange rates between PLN and the other currencies in which the Group does business. In addition on maturity the New Term Loan will be repayable in full in PLN; significant fluctuations in the exchange rates between PLN and the other currencies in which the Group does business could materially and adversely affect the ability to repay the loan on maturity.

Most of the Group's revenue is in PLN, which is its reporting currency. However, due to the international nature of the Group's business, a portion of its revenue and expenses are denominated in currencies other than PLN. In the nine months ended 30 September 2020, 1.1% of the Integer Group's total revenue (including other operating income) was generated in currencies other than the PLN. The Group expects that this percentage will increase in line with its international expansion. Fluctuations in exchange rates between the PLN and the other currencies in which the Group does business, mainly GBP and EUR, could materially and adversely affect its reported results from time to time.

***The Group is subject to risks relating to intellectual property.***

The Group has a large portfolio of registered trademarks used in its business, including for the InPost brand, and it holds rights of registration for various designs and patents, as well as utility models. These IP rights relate to the designation of products and services (trademark rights), the features of the APMs (designs) and technical solutions included in the APMs (patents). Registrations pertaining to these IP rights generally have a broader territorial coverage than Poland. The Group's intellectual property portfolio also includes numerous domain names for websites that it uses in its business.

The Group may not be successful in the implementation of its intellectual property rights registration strategies. The Group may be unable to secure intellectual property rights in a timely manner or at all, which could limit its ability to protect the relevant intellectual property rights from competitors. The Group's competitors may also secure patents or intellectual property rights covering the Group's applications and processes, thereby exposing the Group to infringement liability or preventing the Group from fully executing its business model. As a result, the Group may find that it is unable to continue to offer its services to its merchants and consumers, or that it is unable to offer the services upon which its business depends.

In addition, the Group relies on certain licenses for the operation of its business. See "*Business Overview – Intellectual Property*". If these licenses expire or are terminated, this could have a material effect on the Group's operations.

Moreover, third parties may in the future assert claims that the Group's systems or products infringe their proprietary rights. Such infringement claims may cause the Group to incur costs in defending those claims. As a result of any of these claims, the Group may be required to discontinue using any infringing technology and providing any related services, to expend resources to develop non-infringing technology or to purchase licences or pay royalties for other technology. Should either of these risks materialise, they could have a material adverse effect on the Group's business, financial condition and results of operations.

***Interpretation of Polish laws and regulations may be unclear.***

The Group's key operating companies have been established and operate under Polish law. The Polish legal system is based on statutory law enacted by the parliament of Poland. A number of regulations relating to the issue of and trading in securities, shareholders' rights, foreign investments, issues related to corporate operation and corporate governance, commerce, taxes and business activity have been introduced and changed in recent years and/or may be changed in the future. Certain Polish regulations have been subject to different interpretations and may in the future be interpreted in an inconsistent manner. Moreover, not all court decisions are published in official journals and, as a matter of general rule, they are not binding in other cases and are therefore of limited importance as legal precedent. In recent years, the Polish government has proposed or implemented a number of changes to the judicial system. Some of those changes have attracted the attention of EU institutions and have been questioned by members of the Polish legal community who perceive them as potential threats to both judicial independence and the rule of law. Ongoing tensions between the government and the judiciary may potentially indirectly result in some additional delays to the proceedings. If the stability of the Polish judicial system deteriorates, it may make the outcome of various legal proceedings in which the Group is or may be involved in relation to its business less predictable than it is presently. The Group cannot provide assurance that its interpretation of Polish laws and regulations will not be challenged and any successful challenge could result in fines or penalties or could require the Group to modify its practices, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

**Risks Relating to Financial Matters and the Group's Capital and Corporate Structure**

***The Company relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and the Company's ability to pay dividends may be constrained.***

The Company is a holding company with no material, direct business operations. The Company's principal assets are its direct and indirect equity interests in the Group's operating subsidiaries. As a result, the Company will be dependent on these sources to generate the funds necessary to meet its financial obligations, including the payment of dividends. As set forth in "Capitalisation and Indebtedness" and "Unaudited Pro Forma Financial Information", the Reorganisation and Refinancing Transactions result in the Group having a negative shareholders' equity on a consolidated basis but not on a standalone basis. Having a negative shareholders' equity on a consolidated basis does not in and of itself affect the ability of the Company to make distributions to shareholders or continue operations as long as the Company receives dividends or interests from its subsidiaries that are sufficient, after servicing interests on the indebtedness of the Company, to pay dividends to its shareholders. The ability of the Company's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to contractual or statutory limitations, such as limitations potentially imposed by the financing facilities of the Company's subsidiaries or the legal requirement to have distributable profit or distributable reserves. As an equity investor in the Company's subsidiaries, the Company's right to receive assets upon a subsidiary's liquidation or reorganisation will be effectively subordinated to the claims of such subsidiary's creditors. To the extent that the Company is recognised as a creditor of a subsidiary, its claims may still be subordinated to any security interest in or other lien on such subsidiary's assets and to any of its debt or other obligations that are senior to the Company's claims.

The payment of future dividends on Shares, if any, and the amounts thereof, depends on a number of factors, including, among others, the amount of distributable profits and reserves, earnings, level of profitability and financial conditions, capital requirements, applicable restrictions on the payment of dividend under Luxembourg law, capital expenditure and investment plans, financial covenants, ratio of debt to equity, any credit ratings, applicable restrictions on the payment of dividends under applicable laws as well as contractual restrictions, the level of dividends paid by other comparable listed companies, general economic and market conditions and such other factors as the management board of the Company (the "**Management Board**") may deem relevant from time to time. There can be no assurance that the abovementioned factors will allow adherence to the Company's dividend policy, or any payment of dividends. In particular, the Company's ability to pay dividends may be impaired if any of the risks described in this section

“Risk Factors” were to occur. As a result, the Company’s ability to pay dividends in the future may be limited and the Company’s dividend policy may change. See “Dividends and Dividend Policy”.

***Failure to comply with the covenants or other obligations contained in any of the Group’s Facilities Agreements could result in an event of default. Any failure to repay or refinance the outstanding debt under any of the Group’s Facilities Agreements when due could materially and adversely affect the Group’s business.***

The Group has incurred indebtedness. As of 30 September 2020 the Integer Group’s total loans and borrowings amounted to PLN 715.2 million and the net debt of the Integer Group amounted to PLN 922.8 million. On a *pro forma* basis, the net debt of the Group (reflecting the effect of the *pro forma* adjustments as described in detail in “Unaudited Pro Forma Financial Information”) amounted to PLN 2,182.6 million (calculated as the sum of *pro forma* long term debt, *pro forma* short term debt, *pro forma* non-current other financial liabilities, *pro forma* current other financial liabilities minus *pro forma* cash and cash equivalents). Even though the Group is currently in compliance with all of its covenants under the Facilities Agreements, if there is an event of default under any of the Facilities Agreements that is not cured or waived in accordance with the terms of the applicable Facilities Agreement, the lenders under the Facilities Agreement could terminate commitments to lend and cause all amounts outstanding with respect to the loans granted under the Facilities Agreement to become due and payable immediately. In such a situation, creditors could seek to enforce upon the security and collateral from which they benefit, including before completion of the Reorganisation and Refinancing Transactions, the security over shares in Integer.pl and certain other direct and indirect material subsidiaries of AI Prime (Luxembourg) Bidco S.à r.l (“Bidco”). See “Operating and Financial Review – Indebtedness – Banking Facilities”.

The Group’s assets and cash flow may not be sufficient to fully repay its outstanding debt under one or more of the Facilities Agreements when due whether upon an acceleration of the loans granted under the applicable Facilities Agreement or on the maturity date of any of the Facilities Agreements. Upon an acceleration of any of the Facilities Agreements or upon the final maturity date of any of the Facilities Agreements, there can be no assurance that the Group would be able to refinance the Facilities Agreements or that its assets would be sufficient to repay that indebtedness in full and allow the Group to continue to make the other payments that it is obliged to make, which would impair the Group’s ability to run its business, could result in insolvency proceedings or reorganisation and could result in investors losing all or a substantial portion of their investment. In addition, a default under any of the Facilities Agreements could result in a default under the Group’s other financing arrangements and could cause or permit lenders under those other financing arrangements to accelerate such financing arrangements, causing the amounts owed under those arrangements to become immediately due and payable.

Furthermore, there is no guarantee that the Group will continue to be able to meet its debt service obligations under the Facilities Agreements. Any inability to meet its debt payment obligations could result in insolvency proceedings or debt or other restructuring and could result in investors losing all or a substantial portion of their investment.

***The Group’s inability to raise capital could affect its ability to execute its strategic plans.***

The Group may not generate sufficient cash flow to finance its operations at the rate required to implement its strategy. Required outlays for the Group’s capital expenditures may be significant and may adversely impact cash flows during the periods when incurred. Consequently, the execution of the Group’s growth strategy may require access to external sources of capital, which may not be available to it on acceptable terms, or at all. Limitations on the Group’s access to capital, including on its ability to issue additional debt or equity, could result from events or causes beyond the Group’s control, and could include, among other factors, decreases in the Group’s creditworthiness or profitability, increases in interest rates, increases in the risk premium generally required by investors, decreases in the availability of credit or the tightening of terms required by lenders. Any limitations on the Group’s ability to secure external capital, continue its existing financing arrangements or refinance existing financing obligations could limit the Group’s liquidity, its financial flexibility or its cash flows and affect its ability to execute its strategic plans, which could materially and adversely affect the Group’s business, results of operations and financial condition.

***Following the Offering, AI Prime will continue to be in a position to exert substantial influence over the Group. The interests pursued by AI Prime could differ from the interests of the Company’s other shareholders.***

Following the Offering, AI Prime is expected to continue to be the largest holder of Shares and is expected to hold 44.5% of the Shares (assuming an Offer Price at the mid-point of the Offer Price Range, and assuming full placement of the Offer Shares and full exercise of the Over-Allotment Option).



Consequently, AI Prime will continue to be in a position to exert substantial influence in the general meeting of shareholders of the Company (the “**General Meeting**”) and, consequently, on matters decided by the General Meeting. AI Prime will be able to influence certain key decisions and will be in a position to significantly influence the Group’s operations, proposals for, nominations and appointments of members of the supervisory board of the Company (the “**Supervisory Board**”) and changes to the Company’s articles of association. More generally, AI Prime may be able to significantly influence the Group’s strategy and growth. AI Prime may delay, postpone or prevent transactions that might be advantageous for the Company’s other shareholders. See “*Selling Shareholders and Related Party Transactions – Related Party Transactions – Relationship Agreement*” for a description of certain arrangements regarding the relationship between the Company and AI Prime.

In addition, please see “– *The Group is subject to the risk that non-compliance by AI Prime under the Margin Loan could impact the Shares*” in connection with the Margin Loan (as defined below) which may be provided by the ML Lenders (as defined below) to AI Prime, which will be secured by substantially all of the Shares held by AI Prime as at the First Trading Date, subject to any exclusions from the requirement to pledge Shares as agreed with the ML Lenders.

***The Group is exposed to interest rate risks.***

The Group has a policy to maintain loans in the form of instruments that carry variable interest rates. As of 31 December 2020 all of the Group’s interest bearing loans carried variable interest rates. In order to reduce the volatility of the its interest expense, the Group monitors the applicable rates on an ongoing basis and takes action where necessary, by entering into interest rate swaps and other hedging instruments. Adverse fluctuations and increases in interest rates, to the extent that they are not hedged, could have a material adverse effect on the Group’s business, financial condition and results of operations.

***The Group’s business is subject to seasonal fluctuations.***

The Group’s business is subject to predictable seasonality because the vast majority of its business serves the e-commerce retail industry, which is particularly active during the end-of-year holiday season which runs from mid-November, starting around Black Friday, through the end of December. As a result of these seasonal fluctuations, the Group typically experiences a peak in sales and generates a substantial part of its revenue in the fourth quarter of the year. Therefore, annualising the results of any single quarter is not a reliable proxy for full year results. During the year ended 31 December 2019, the Integer Group generated 32.5% of its annual revenue in the fourth quarter and, during the year ended 31 December 2018, the Integer Group generated 38.3% of its annual revenue in the fourth quarter. See “*Operating and Financial Review – Liquidity and Capital Resources – Working Capital*” for a description of the seasonality effects on the Integer Group’s Net Working Capital position and requirements.

Furthermore, any events or circumstances that adversely affect the Group’s operations during November and December would have a disproportionately adverse effect on its operations and could harm its reputation. In addition, any events or circumstances that adversely affect the level of consumer spending during the fourth quarter would have a disproportionately adverse effect on the Group’s results of operations for the full year.

**Risks Relating to the Group’s Tax Position**

***Changes in the Polish tax regulations may have an adverse effect on the Group’s operations and financial results.***

The Polish tax system is perceived as unstable and uncertain as tax regulations are frequently amended. Recently, a number of new tax regulations have been introduced, which were prepared in a relatively short time and entered into force with a relatively short transition period (*vacatio legis*) e.g. provisions on a so-called “exit tax” on unrealised profits by companies (or individuals) moving their tax residence abroad or the VAT split payment mechanism. Due to this trend, the Group may not always have enough time to address new regulations in its systems or the Group will not always be able to determine what actions should be taken, before the new rules come into force. This can lead to fines or penalties for non-compliance with the relevant regulation. Additionally, further reporting or compliance obligation or new tax regulations may also be introduced that may affect the Group’s operations, including cash flows, such as for instance new regulation on payment and refund withholding tax mechanisms or tax schemes MDR/DAC6 reporting. Furthermore, the various draft amendments to the tax regulations are currently under the legislative procedure in the Parliament and may come into force from 1 January 2021, including taxation of limited partnerships with CIT or obligation to report on tax strategies adopted by the taxpayers.

Therefore, the Group cannot exclude the possibility that further tax law amendments will be introduced in Poland or that new tax burdens will be imposed on delivery and courier activities that could adversely affect the Group's operations and financial results.

Further, in July 2016, the General Anti-Avoidance Rule (“GAAR”) entered into force, which, to a certain extent, may be applied retroactively (as described below). Therefore, since July 2016 any reference to the Polish tax regulations, including for the purpose of this Prospectus, includes the GAAR.

The instability of the Polish tax system stems not only from changes in the law, but also from the reliance by tax regulators on individual tax rulings which sometimes are contradictory and are subject to potential changes and reversals. The lack of well-established regulations results in unclear and inconsistent interpretations, which lead to uncertainties and conflicts in the application of tax regulations.

Due to the fact that potential disputes with the Polish tax authorities cannot be ruled out, the tax authorities could challenge the Group's tax settlements regarding non-time-barred tax liabilities (including the due diligence performance of the Group's tax remitter's obligations) and determine tax arrears for the Group, which may have a material adverse effect on the Group's business, financial standing, growth prospects or results.

Tax settlements, together with other areas of legal compliance may be subject to review and investigation at any time by the tax authorities and additional tax assessments with penalty interest and penalties may be imposed within five years from the end of the year in which a tax is due. In certain cases, the limitation period might be extended.

Moreover, international agreements, including double tax treaties, to which Poland is a party also have an effect on the Group's cross-border business. Different interpretations of the double tax treaties by the tax authorities, as well as any changes to these treaties, may have a material adverse effect on the Group's business, financial standing or results.

In view of these frequent changes in tax regulations, which may have a retroactive effect, and the existing uncertainty, the lack of a uniform interpretation of tax law and the relatively long statute of limitations for tax liabilities, the risk of challenging the application of tax regulations in Poland may be higher than found in the legal systems of other countries. Additionally, these changes in tax regulations have had and may in the future have negative effects on the Group's business, financial condition, results of operations and prospects. As a result, the Group faces the risk that its activity in some areas could be unsuited to the changing regulations and the changing practice in their application. There is also a risk that the tax rulings already obtained and applied by the Group in Poland will be changed or deprived of their protective power which could lead in the future to tax exposure for the Group.

***Polish tax rulings which the Group relies on may be subject to review.***

Poland applies a tax ruling system that generally protects taxpayers or tax remitters, or in certain cases groups of taxpayers or tax remitters, against negative tax consequences of their actions if: (i) a tax ruling is obtained prior to the tax effect of an action or prior to an action which is subject to a tax ruling, (ii) the taxpayer or tax remitter complies with the tax treatment of the action confirmed in a tax ruling and (iii) the matter subject to a tax ruling is not subject to tax proceedings initiated, conducted or ended by the tax authorities at the time the tax ruling application is filed. Tax rulings can protect a taxpayer or tax remitter against negative tax consequences only if facts presented for the purpose of a tax ruling truly and accurately describe a real action subject to such tax ruling and its circumstances.

The tax authorities may review the facts presented by the taxpayer or tax remitter and compare them with what subsequently occurs. If they find that the facts are different or not adequate, then a tax ruling will not protect the taxpayer or tax remitter against negative tax consequences.

The Group has obtained many individual tax rulings in Poland and has been applying them in day-to-day tax settlements. Even if the Group believes that the facts are properly presented for the purpose of the tax rulings it obtained, the tax authorities could still attempt to challenge what subsequently occurs (or has occurred) as not being in compliance with the facts described by the Group for the purpose of its tax rulings and, therefore, challenge the tax protection which might result from such rulings. GAAR implications cannot be subject to a tax ruling and therefore, tax rulings that relate to any matters subject to or challenged under the GAAR are not binding and will not protect a taxpayer or tax remitter against negative tax consequences. If the Polish tax authorities were successful in challenging the application of certain tax rulings that the Group relied upon, this could have a material adverse impact on the Group's business, financial condition and results of operations.

***Tax authorities may perform tax audits that could result in additional costs for the Group.***

Based on publicly available information, tax audits in Poland in recent years have been carefully targeted and are increasingly effective. In particular, the audits were addressed to large taxpayers or taxpayers from individual industries on the basis of information obtained by tax authorities from standard control files, such as JPK (*jednolity plik kontrolny*), which are the Polish equivalent of the Standard Audit File for Tax international standard for electronic exchange of reliable accounting data from organizations to domestic tax authorities. From 1 July 2018, all Polish taxpayers are required to submit JPK files at the request of the tax authorities in the course of VAT proceedings, verification activities or tax and customs inspections.

The Polish tax authorities have recently focused on settlements for corporate income tax and transfer pricing, with emphasis on all group restructuring activities, intra-group settlements, new or innovative offers and their terms, as well as debt financing.

***In the current tax environment, the Group cannot exclude the risk that the tax authorities (e.g. during a tax audit) may take a different approach from the one adopted by the Group. Tax inspections, which are often lengthy may force the Group to engage its resources and, as a result, to bear additional costs. Implementation of the ATAD 2 rules in Poland as of 1 January 2021 may adversely impact tax deduction of the Group's cross border payments.***

As of 1 January 2019, member states of the EU ("EU Member States") had to transpose the hybrid mismatch rule (as described below) of the Anti-Tax Avoidance Directive of 12 July 2016 ("ATAD 1") into their domestic law. The anti-hybrid mismatch rule has been extended by the Council Directive (EU) 2017/952 of 29 May 2017 amending ATAD 1 ("ATAD 2") (i.e. its territorial scope which now also includes non-EU situations and the hybrid mismatch definition) as of 1 January 2020. The aim of the hybrid mismatch rule is to prevent situations where a mismatch outcome (i.e. in the case of a double deduction of a payment in two countries or a deduction of a payment in a country without a corresponding inclusion of the income in another country) is caused by a hybrid mismatch (e.g. a hybrid financial instrument or entity). The hybrid mismatch rule remedies a deduction without inclusion outcome by either denying the tax deduction in the country of the payer (primary rule) or taxing the payment in the country of the payee (secondary rule). From the point of view of Polish law, it is worth noting that ATAD 2 regulations are supposed to enter into force on 1 January 2021.

The hybrid mismatch rule may adversely impact the tax deduction of cross-border payments made by the Group and would require a more in-depth analysis of recipient's tax status in their countries of residence. As a result, additional costs may have to be borne by the Group in order to secure its tax position in Poland in this respect (including reviewing the Company's settlements and potential restructuring if needed).

***The Group's activity and/or transactions in selected areas could be reviewed under the GAAR, the effect of which may be unfavourable to the Group and may adversely affect its business.***

The GAAR applies to all tax benefits obtained after the GAAR entered into force as a general anti-tax abuse law, in addition to existing anti-abuse laws related to mergers, spin-offs, qualified share exchanges and dividend distributions. Under certain conditions, the tax authorities may also review past transactions under the GAAR. The GAAR allows tax authorities to ignore a legally valid transaction (relationship) for tax purposes if the primary purpose or one of the primary purposes of the transaction was tax avoidance, where "tax avoidance" is interpreted as "an act (or series of statutes) used primarily to obtain a tax benefit that destroys the object under certain circumstances and the purpose of the tax act, as long as the procedure in a specific case was artificial."

A specific case will be considered artificial if, under the existing circumstances, it would not be applied by a reasonable entity which is guided by goals being in line with the laws and it is connected with lawful purposes other than tax benefits contradictory to the object and purpose of a taxable act. In order to assess if a particular act was artificial, attention should be paid especially to: (i) unjustified multiple separation of business operations; (ii) the involvement of intermediary entities without business substance; (iii) elements directed to achieve a result identical or similar to the initial state of facts; (iv) elements that cancel or exclude each other; (v) economic risk exceeding the planned benefits other than tax benefits to the degree that it must be decided that a rational entity would not have chosen to act that way; (vi) situations where the tax benefit obtained is not reflected in an economic risks borne by the entity or in its cash flow; (vii) profit before tax which is insignificant in comparison to the tax benefit which does not result directly from the actually incurred economic loss; and (viii) a given act involves an entity which does not conduct a

real business activity or does not play significant economic function or which has its seat or place of residence in a territory applying harmful tax competition.

A tax benefit relates to a situation where: (i) a tax liability has not arisen, the date the tax liability arises has been deferred, the tax liability has been reduced; or (ii) the tax loss has been incurred or overstated; or (iii) there has been a tax overpayment or right to a tax refund, or the amount of tax overpayment or tax to be refunded has increased; or (iv) there is no obligation to collect the tax by the payer, if this obligation results from the circumstances indicated in point (i) above.

The Group is exposed to the risk that its operations and/or transactions in selected areas may be reviewed under the GAAR, including transactions made prior to the entry into force of the GAAR. Any potential decisions regarding the GAAR may be unfavourable to the Group and may have a material adverse effect on its business, financial condition and results of operations.

***Upcoming withholding tax liabilities may influence the Group's financial position and cash-flow.***

On 1 January 2019, the new withholding tax regulations in Poland were supposed to enter into force. Any payments of dividends, royalties, interest, management, marketing fees etc. exceeding PLN 2 million in a given tax year for the same entity would be subject to obligatory 19.0% or 20.0% withholding tax ("WHT") payable to the tax office by a remitter (a Polish entity making the payment). If EU law or double taxation treaty privileges to take advantage of an exemption or a reduced WHT rate were applicable, the tax remitter or a taxpayer would be entitled to the refund in a special procedure before Polish tax authorities. Moreover, under special provisions, withholding tax may not be collected by the tax remitter if it specifically states in the declaration filed with tax authorities that: (i) it holds all the documents necessary for the application of a withholding tax exemption or reduced withholding tax rates (basically, a certificate of tax residence) and (ii) after verification it is not aware of any obstacles to the application of a withholding tax exemption or reduced rates (basically that the recipient passes the beneficial ownership test) or – in case of payments between qualified related parties – based on tax authorities opinion on the applicability of the withholding tax exemption.

However, the new obligations have not been implemented yet and have constantly been postponed by the Minister of Finance, which keeps the market in an uncertainty and is considered as an element of a risky Polish tax environment. As of the date of this Prospectus, according to the latest information of the Polish Minister of Finance, the law is planned to come into force on 1 July 2021. In addition, according to the information published in the press, it will be modified and should apply only to passive income (royalties, interest, dividends). From the Group's perspective, new WHT liabilities may have an impact on its financial position and cash-flow since companies from the Group may have to pay 19.0% or 20.0% WHT on various cross-border payments (e.g. interest, royalties or management fees) and apply for the refund to tax authorities which may take approximately 6 months.

**Risks Relating to the Admission and the Shares**

***As the Company is incorporated under Luxembourg law and the Shares will be admitted to trading on a Regulated Market operating in the Netherlands, shareholders may be subject to multiple notification obligations.***

As a result of the fact that the Company is incorporated under Luxembourg law, and the Shares will be admitted to trading on a Regulated Market operating in the Netherlands, shareholders may be subject to multiple notification obligations. Firstly, shareholders may be subject to notification obligations under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the "**Dutch Financial Supervision Act**"). Pursuant to chapter 5.3 of the Dutch Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give notice to the AFM of such acquisition or disposal, if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below one of the following thresholds: 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 30.0%, 40.0%, 50.0%, 60.0%, 75.0% and 95.0%. Secondly, shareholders may be subject to notification obligations pursuant to the Luxembourg law of 11 January 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a Regulated Market, as amended (the "**Luxembourg Transparency Law**"). If a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5.0%, 10.0%, 15.0%, 20.0%, 25.0%, 33<sup>1/3</sup>%, 50.0% and 66<sup>2/3</sup>% of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further



to such event. Shareholders are advised to consult with their own legal advisers to determine whether any notification obligations with respect to their shareholdings in the Company apply to them. See “*Description of Share Capital and Corporate Governance – Obligations of Shareholders to Disclose Holdings – General*”.

***The Group is subject to the risk that non-compliance by AI Prime under the Margin Loan could impact the Shares***

AI Prime may raise additional financing from the ML Lenders through the Margin Loan documented under the Margin Loan Agreement (each term as defined below). AI Prime will grant security in favour of the ML Lenders over substantially all of the Shares held by AI Prime as at the First Trading Date, subject to any exclusions from the requirement to pledge Shares as agreed with the ML Lenders, such amount dependent upon the loan to value ratio at any time, as security for the Margin Loan. Failure by AI Prime to comply with the covenants and other obligations in the Margin Loan Agreement (including maintenance of the covenants relating to the loan to value ratio) could lead to an event of default under the Margin Loan Agreement. If such an event of default is not remedied within the applicable grace periods set out in the Margin Loan Agreement, this would entitle the ML Lenders to declare all amounts under the Margin Loan Agreement due and payable and provide the ML Lenders with the right to enforce their security over the Shares. The enforcement of security, in whole or in part, by the ML Lenders would have a significant impact on the Company’s ordinary shareholding structure by reducing AI Prime’s ordinary shareholding in replacement for the ML Lenders (or their agents or receivers). Enforcement proceedings could also have a negative impact on the price of all Shares as the Shares which are subject to the enforcement will likely be disposed of shortly following that enforcement. Any such disposal, or the perception that such disposal may occur, may depress the market price of the Shares and could impair the Group’s ability to raise capital through the sale of additional equity securities (see “*Operating and Financial Review – Indebtedness – Margin loan*”).

***The Group will face additional administrative requirements as a result of the listing and it may have difficulty in meeting those requirements.***

Following the listing, the Group will for the first time be subject to the legal requirements for public companies admitted to trading on Euronext Amsterdam. These requirements include the production and publication of annual and periodic financial reports and other required disclosures as well as regular calls with securities and industry analysts. The Group’s accounting, controlling, legal or other corporate administrative functions may not be capable of responding to these additional requirements without difficulties and inefficiencies and the Group may incur additional expenditures to improve its central functions and internal controls or be exposed to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of General Meetings and the Company’s regular communications with its shareholders and potential investors will entail greater expenses. Management will need to devote time to these additional requirements that it could otherwise devote to other aspects of managing the Group’s operations and these additional requirements could also increase time commitments and costs for the accounting, controlling and legal departments and the Group’s other administrative functions. Any inability to manage the additional demands placed on the Group as a result of the listing, as well as the costs resulting therefrom, may harm its business, results of operations and financial condition.

***The price of the Shares may be volatile and affected by a number of factors, some of which are beyond the Group’s control.***

Public equity markets in general have historically from time to time experienced periods of extreme volatility that have often been unrelated to the operating performance of particular companies. Any one of the following factors, among others, may cause a decline in valuations on the public equity markets: general economic conditions, pandemics, interest rates, geopolitical conditions, including war, acts of terrorism and other man-made or natural disasters, financial regulatory reforms, political or regulatory developments in the EU, the US and other jurisdictions, changes in earnings estimates by stock market analysts and other events and factors beyond the Group’s control. These factors, and the factors described elsewhere in this section, could adversely affect the trading price of the Shares.

***Shareholders outside Luxembourg and the Netherlands may not have, or be entitled to exercise, preferential subscription rights in future equity offerings.***

The Company may undertake future equity offerings with or without preferential subscription rights. In case of equity offerings with preferential subscription rights, shareholders in certain jurisdictions may not be entitled to exercise such rights unless the rights and the related shares are registered or qualified for sale

under the relevant legislation or regulatory framework in such jurisdictions. Shareholders outside Luxembourg or the Netherlands may not be able to exercise preferential subscription rights unless local securities laws have been complied with. In addition, the Company may restrict or exclude preferential subscription rights by a resolution of the General Meeting or, if the Management Board is authorised to resolve upon such increase and the Company's articles of association so permit, by a resolution of the Management Board. See "*Description of Share Capital and Corporate Governance – Issuance of Shares and Pre-Emptive Rights*". Shareholders may suffer dilution of their shareholdings against their will should they not be permitted to participate in future equity offerings with preferential subscription rights.

***Future sales or the possibility of future sales of a substantial number of the Shares could have an adverse effect on the price of the Shares and dilute the interests of shareholders.***

The Group cannot predict whether substantial numbers of the Shares will be sold in the open market. Following the completion of the Offering, AI Prime will continue to be the Company's largest shareholder and will hold 44.5% of the Shares immediately following the Offering (assuming full placement of the Offer Shares and full exercise of the Over-Allotment Option, and an Offer Price at the mid-point of the Offer Price Range). AI Prime may reduce its holding of the Shares and sell a substantial number of its Shares in the public market, including during the Selling Shareholders' Lock-Up Period (as defined in "*Plan of Distribution – Lock-up Arrangements*") if the Joint Global Coordinators waive the lock-up arrangement applicable to its Shares. See "*Plan of Distribution – Lock-up Arrangements*". In addition, future sales of the Shares could be made by other shareholders or through a capital increase undertaken by the Company to obtain additional working capital, to fund capital expenditures, acquisitions or for other purposes. A sale of a substantial number of the Shares, or the perception that such sale could occur, could adversely affect the market price of the Shares, as well as impede the Company's ability to raise capital through an issuance of equity securities in the future. In addition, future sales of Shares undertaken by the Company could dilute the shareholding interests of the Company's shareholders.

***The ability of the Company's shareholders to bring actions or enforce judgments against the Company or members of the Management Board or Supervisory Board may be limited.***

The Company is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg. The members of the Management Board and Supervisory Board are residents of Poland, Germany, the Netherlands, the US and the UK. Consequently, it may be difficult or impossible for a shareholder to enforce a judgment issued outside Luxembourg against the Company or against members of the Management Board and Supervisory Board. This applies, among others, to shareholders located in the US. Even if such shareholder was successful in bringing an action of this kind, the laws of Luxembourg may render the shareholder unable to enforce a judgment against the Company. The recognition and enforcement of any judgments issued outside Luxembourg against the Company will be recognised and enforced specifically on the terms determined by private internal law applicable in Luxembourg. See "*Important Information – Enforceability of Judgments*".

Under the laws of Luxembourg, actions by investors against the directors of a company for management fault may only be taken by a decision of the company's shareholders acting at a general shareholders' meeting. However, if a shareholder has suffered harm as a result of a director's violation of the law or the company's articles of association, or as a result of the negligence or fault of a director, such shareholder may bring an action against such director if the shareholder can demonstrate that three conditions necessary to enforce a civil liability claim have been fulfilled: (i) fault of the director; (ii) special (i.e. direct and personal) damage suffered by the shareholder; and (iii) a causal link between the fault of the director and the damage suffered by the shareholder. Class actions and derivative actions are generally not available to shareholders under Luxembourg law. Minority shareholders holding securities entitled to vote at a general meeting that resolved on the granting of discharge to the directors, and holding at least ten per cent of the voting rights of a company may bring an action against the directors on behalf of a company.

***If securities or industry analysts do not publish or cease to publish research reports on the Group's business, or adversely change or make negative recommendations regarding the Shares, the market price and trading volume of the Shares could decline.***

Whether there is an active trading market for the Shares will be influenced by, among other things, the availability and recommendations of research reports covering the Group's business. MiFID II requires research to be priced and charged separately from execution. As a result of MiFID II, it is possible that research coverage will be reduced in general, and that remaining coverage will be more focused on certain companies, industries or geographic markets. This may negatively affect the coverage by research analysts of

the Group's business. If one or more research analysts ceases to cover the Group's business or fails to regularly publish reports on the Group's business, the Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Shares to decline. In addition, if research analysts do not make positive recommendations regarding the Shares, or if negative research is published on the industry or geographic markets the Group serves, the price and trading volume of the Shares could decline.

#### **Risks Relating to the Offering**

***If closing of the Offering does not take place, purchases of the Offer Shares will be disregarded and Euronext Amsterdam N.V. will annul transactions that have occurred.***

Application has been made to list the Shares on Euronext Amsterdam under the symbol 'INPST'. The Group expects that the Shares will be admitted to listing and that trading in the Offer Shares will commence prior to payment in Euros for, and delivery of, the Offer Shares ("**Settlement**"), which is expected to take place on 2 February 2021 (the "**Settlement Date**"), on the First Trading Date on an 'as-if-and-when-issued/delivered' basis. The closing of the Offering may not take place on the Settlement Date or at all, if certain conditions or events referred to in the underwriting agreement with respect to the offer and sale of the Offer Shares dated on or about the date of this Prospectus among the Company, the Selling Shareholders and the Banks (the "**Underwriting Agreement**"), are not satisfied or waived or occur on or prior to such date. See "*Plan of Distribution*". Trading in the Offer Shares before the closing of the Offering will take place subject to the condition that, if closing of the Offering does not take place, the Offering will be withdrawn, in which case all applications for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam will be annulled. All dealings in the Offer Shares prior to settlement and delivery are at the sole risk of the parties concerned. The Group, the Selling Shareholders, the Banks, the Listing and Paying Agent and Euronext Amsterdam N.V. do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transaction on Euronext Amsterdam.

***There has been no public market for the Shares prior to the Offering and the Group cannot assure that an active market in the Shares will develop.***

Prior to the Offering, there has not been a public market for the Shares. Application has been made for the Admission. The Group cannot predict the extent to which an active market for the Shares will develop or be sustained after the completion of the Offering or how the development of such a market might affect the market price for the Shares. The Offer Price will be agreed between the Group and the Selling Shareholders, after consultation with the Joint Global Coordinators, based on a number of factors, including market conditions in effect at the time of the Offering, and may not be indicative of the price at which the Shares will trade following completion of the Offering. As a result, the market price of the Shares could be subject to fluctuation. An illiquid market for the Shares may result in lower trading prices and increased volatility, which could adversely affect the value of an investment in the Shares, may cause the Shares to trade at a discount to the Offer Price and may make it difficult for investors to sell any Shares held by them at or above the price paid for such Shares or at all.

## DEFINITIONS

In this Prospectus, the “**Company**” refers to InPost S.A., a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg. The “**Group**” refers to the Company and its subsidiaries following completion of the Reorganisation and Refinancing Transactions. The “**Integer Group**” refers to Integer.pl S.A. (“**Integer.pl**”) and its subsidiaries prior to completion of the Reorganisation and Refinancing Transactions on 1 February 2021.

The Company was incorporated on 6 November 2020 to act as the parent company of the Integer Group and did not have any operational activities before that time. Integer.pl, which is a directly wholly owned subsidiary of the Company, has been the parent company of the Integer Group during the periods under discussion (other than with respect to the operations transferred to InPost Technology from July 2020 onwards, as further described in “*Selling Shareholders and Related Party Transactions – Related Party Transactions – InPost Technology S.à r.l.*”). As such, the consolidated financial information of Integer.pl include the results of the Integer Group for the periods under discussion. This Prospectus therefore contains (i) unaudited interim condensed consolidated financial information of Integer.pl as at and for the nine months ended 30 September 2020 and 2019; (ii) audited historical consolidated financial information of Integer.pl as at and for the years ended 31 December 2019, 2018 and 2017; and (iii) certain other information with respect to Integer.pl. More details on the interposition of the Company as the parent company of the Integer Group is presented in “*Unaudited Pro Forma Financial Information*”.

## IMPORTANT INFORMATION

### General

Prospective investors are expressly advised that an investment in the Offer Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. Furthermore, before making an investment decision with respect to the Offer Shares, prospective investors should consult their stock broker, bank manager, lawyer, auditor or other financial, legal and tax adviser and carefully review the risks associated with an investment in the Offer Shares. The contents of this Prospectus should not be construed as legal, business or tax advice. In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Group and the terms of the Offering, including the merits and risks involved, in light of their personal circumstances.

The Offer Price and the exact number of Offer Shares offered in the Offering will be set out in a pricing statement (the “**Pricing Statement**”) that will be filed with the CSSF and published through a press release on the Company’s website. Prospective investors should only rely on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation. Prospective investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, the members of the Management Board and Supervisory Board, the Selling Shareholders or the Banks, or any of their respective affiliates or representatives. The validity of this Prospectus will expire on 20 January 2022, being twelve months after the date of its approval by the CSSF. The information contained in this Prospectus speaks only as of the date hereof and any obligation to supplement this Prospectus on the event of significant new factors, material mistakes or material inaccuracies (insofar as required under the Prospectus Regulation) will not apply after the time when trading of the Shares on Euronext Amsterdam begins.

Pursuant to Article 23 of the Prospectus Regulation, the Group is obliged to publish a supplement to this Prospectus in the event of a significant new factor, material mistake or inaccuracy with respect to the information contained in this Prospectus which may affect the assessment of the Shares and which arises or is noticed between the date of this Prospectus and the start of trading of the Shares on Euronext Amsterdam. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Without prejudice to any obligation of the Company to publish a supplement to this Prospectus pursuant to the Prospectus Regulation, neither the delivery of this Prospectus nor any subscription or sale of the Offer Shares pursuant to the Offering shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company and its subsidiaries since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date. The Group does not undertake to update this Prospectus unless pursuant to Article 23 of the Prospectus Regulation. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group’s affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. Prospective investors should therefore not assume that the information in this Prospectus is accurate as of any other date than the Publication Date.

No representation or warranty, express or implied, is made by, or on behalf of, the Banks or any of their respective affiliates or representatives, or their respective directors, officers or employees, as to the accuracy, fairness or completeness of information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or may be relied upon as, a promise or representation by the Banks or any of their respective affiliates or representatives, or their respective directors, officers or employees, as to the past or future. None of the Banks, in any of their respective capacities in connection with the Offering, nor any of their respective affiliates or representatives, or their respective directors, officers or employees accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Offering or the Offer Shares. Accordingly, the Banks disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement. Although



the Banks are party to various agreements pertaining to the Offering and each of the Banks has or might enter into a financing arrangement with the Company, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

The Banks are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients or for giving advice in relation to, respectively, the Offering and the listing of the Shares or any transaction or arrangement referred to herein.

In relation to the Admission, the Group has engaged ABN AMRO as listing and paying agent (the **“Listing and Paying Agent”**) for the Offer Shares. The Listing and Paying Agent’s activities consist essentially of filing the application for Admission and paying the sums due on the Offer Shares.

No representation or warranty, express or implied, is made by, or on behalf of, the Listing and Paying Agent or any of its directors, officers or employees, as to the accuracy, fairness or completeness of information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or may be relied upon as, a promise or representation by the Listing and Paying Agent or any of its directors, officers or employees, as to the past or future. Neither the Listing and Paying Agent nor any of its directors, officers, agents or employees accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Offering or the Offer Shares. Accordingly, the Listing and Paying Agent disclaims, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which it might otherwise be found to have in respect of this Prospectus and/or any such statement.

The Listing and Paying Agent is acting exclusively for the Company and will not regard any other person as its client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for giving advice in relation to the Offering and the listing of the Shares or any transaction or arrangement referred to herein.

### **Restrictions on the Offering**

The Offering and the distribution of this Prospectus and any related materials is in certain jurisdictions restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. No action has been or will be taken in any jurisdiction by the Group or the Banks that would permit a public offering of the Offer Shares requiring approval and/or passporting of the prospectus under the Prospectus Regulation or possession or distribution of this Prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Shares offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Neither the Company nor the members of the Management Board and Supervisory Board, the Selling Shareholders, any of the Banks or the Listing and Paying Agent accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Offer Shares, of any of these restrictions.

The Company, the Selling Shareholders and the Banks reserve the right in their own absolute discretion to reject any offer to purchase Offer Shares that the Company, the Selling Shareholders, the Banks and/or their affiliates believe may give rise to a breach or a violation of any laws, rules or regulations.

Each person receiving this Prospectus acknowledges that (i) such person has not relied on the Banks or any person affiliated with the Banks in connection with any investigation of the accuracy of any information contained in this Prospectus or its investment decision; and (ii) it has relied only on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Offer Shares (other than as contained herein and information given by the Group’s duly authorised officers and employees in connection with investors’ examination of the Group and the terms of the Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Group or the Banks.

### **Responsibility Statement**

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that, to the best of its knowledge, the

information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

### Potential Conflicts of Interest

Certain of the Banks and/or their respective affiliates have in the past engaged and may in the future, from time to time, engage in commercial banking, investment banking, financial advisory, risk management, hedging or other financial services and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, including the provision of loans and/or other debt instruments and risk management products, in respect of which the Banks have received and may in the future receive customary fees and commissions. The Banks may also provide risk management products to the Company and/or the Selling Shareholders or any parties related to any of them in connection with the Offering for which it could earn a profit, contingent on the closing of the Offering (and such profit may potentially be significantly in excess of the fees earned by the Bank for its services acting as Joint Global Coordinator and Joint Bookrunner or Co-Bookrunner in connection with the Offering). The Banks or their related parties may also acquire financial instruments issued by the Company, the Selling Shareholders, their related parties or financial instruments related to the financial instruments issued by any of the above entities.

Barclays, BNP Paribas, CGME, Goldman Sachs, J.P. Morgan, ING and Bank Pekao (in each case directly, or through an affiliate) intend to enter into a commitment letter on or around the date hereof, to act as lenders to the Company under the New Facilities as described in *“Operating and Financial Review – Indebtedness – Banking Facilities”*, in respect of which they may in the future receive fees and commissions.

Barclays, BNP Paribas, Goldman Sachs and J.P. Morgan (in each case directly, or through an affiliate) may enter into financing documentation to act as ML Lenders under the Margin Loan as described in *“Operating and Financial Review – Indebtedness – Margin loan”*, in respect of which they may in the future receive fees and commissions. Pursuant to such potential Margin Loan, AI Prime would grant a security interest to the ML Lenders over substantially all of the Shares held by AI Prime as at the First Trading Date, subject to any exclusions from the requirement to pledge Shares as agreed with the ML Lenders. In case of a default of AI Prime under such facility, the ML Lenders would be in a position to enforce their security interest over such Shares, which may therefore result in a disposal or sale of Shares by the ML Lenders. In addition, should the market price of the Shares decrease, the ML Lenders might carry out hedging transactions in order to cover financial risk relating to the pledged Shares.

Additionally, the Banks and/or their respective affiliates may have held and may in the future hold, in the ordinary course of their business, the Company’s or the Selling Shareholders’ securities for investment purposes. As a result, these parties may have interests that may not be aligned, or could possibly conflict, with the interests of investors. See *“Plan of Distribution – Potential Conflicts of Interest”*.

### Presentation of Financial and Other Information

#### General

This Prospectus contains audited historical consolidated financial information of Integer.pl as at and for the years ended 31 December 2019, 2018 and 2017, prepared in accordance with International Financial Reporting Standards as adopted by the EU (**“IFRS”**) and included elsewhere in this Prospectus (the **“2017-2019 Financial Statements”**). KPMG Audyty spółka z ograniczoną odpowiedzialnością spółka komandytowa (**“KPMG”**) has audited the 2017-2019 Financial Statements.

This Prospectus also includes unaudited consolidated financial information of Integer.pl as of and for the nine months ended 30 September 2020 and 2019, which has been derived from the unaudited interim condensed consolidated financial statements of Integer.pl as at and for the nine months ended 30 September 2020 and 2019, prepared in accordance with International Accounting Standard 34 *“Interim Financial Reporting”* (**“IAS 34”**) as adopted by the EU and included elsewhere in this Prospectus (the **“Interim Financial Statements”**). PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyty spółka komandytowa (**“PwC Poland”**) has reviewed the Interim Financial Statements.

Furthermore, this Prospectus includes audited standalone financial information of the Company as of 6 November 2020 which has been derived from the audited financial statements of the Company as of 6 November 2020, prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of financial statements and included elsewhere in this Prospectus (the **“Company Financial Information”**) and together with the 2017-2019 Financial Statements and the Interim Financial Statements,

the “**Financial Statements**”). PricewaterhouseCoopers, Société coopérative (“**PwC Luxembourg**”) has audited the Company Financial Information.

***Restatement of Financial Information in the 2017-2019 Financial Statements as at and for the Years Ended 31 December 2019, 2018 and 2017***

Certain line items and disclosures in the Integer Group’s financial information have been retrospectively adjusted in the 2017-2019 Financial Statements as compared to the historical financial statements previously published by Integer.pl.

A description of the restatement of the financial information, including tables summarising the impact of the adjustments on the historical financial information for the years ended 31 December 2019, 2018 and 2017, is included in note 44 of the 2017-2019 Financial Statements.

***Unaudited Pro Forma Financial Information***

This Prospectus also includes unaudited *pro forma* financial information of the Company comprising an unaudited *pro forma* statement of financial position of the Company as of 30 September 2020, see “*Unaudited Pro Forma Financial Information*”.

***Non-IFRS Financial Measures***

This Prospectus contains certain non-IFRS financial measures, or alternative performance measures, including, among others Operating EBITDA, Operating EBITDA Margin, Gross Profit, Net Working Capital, Capital Expenditure, Free Cash Flow and Cash Conversion Ratio. Although certain of this data has been extracted or derived from the Financial Statements contained in this Prospectus, this data, nor assumptions underlying this data, have not been audited or reviewed by the independent statutory auditors. These non-IFRS financial measures are not recognised measures of financial performance, financial condition or liquidity under IFRS, but are measures used by management to monitor the underlying performance of the Group’s business and operations. These non-IFRS financial measures may not be indicative of the Group’s historical operating results, nor are such measures meant to be predictive of the Group’s future results. The Group presents these non-IFRS financial measures because it considers them an important supplemental measure of the Group’s performance and believes that they and similar measures are widely used in the industry in which the Group operates as a means of evaluating a company’s operating performance, financial condition and liquidity. However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Prospectus and they should not be considered as a substitute for profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS.

The non-IFRS financial measures have limitations as analytical tools. Investors are encouraged to evaluate any adjustments to IFRS measures and the reasons the management considers them appropriate for supplemental analysis. Because of these limitations, as well as further limitations discussed above, the non-IFRS financial measures presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. Each of the non-IFRS financial measures is described below.

- “Operating EBITDA” for a period is defined as net profit (loss) adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of organised part of an enterprise, share of profits of equity-accounted investees, finance costs, finance income and depreciation and amortisation for that period, no adjustments are made to Operating EBITDA for unusual or non-recurring items.

The Group considers Operating EBITDA to be a useful metric for evaluating its operating performance as it facilitates a comparison of its core operating results from period to period by removing the impact of, among other things, its capital structure, asset base and tax consequences.

- “Operating EBITDA Margin” for a period is defined as Operating EBITDA for that period as a percentage of revenue and other operating income for that period.

The Group considers Operating EBITDA Margin to be a useful measure to evaluate its operating performance in general and it believes that Operating EBITDA Margin is useful for analysts and investors to understand how management assesses its ongoing operating performance on a consistent basis as its business grows.



- “Gross Profit” for a period is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of organised part of an enterprise, share of profits of equity-accounted investees, finance costs, finance income, depreciation and amortisation and general costs for that period.

The Group considers Gross Profit to be a useful metric for evaluating its operating performance as it facilitates a comparison of its operating results per segment from period to period by removing the impact of general costs in addition to removing the impact of its capital structure, asset base and tax consequences.

- “Gross Profit Margin” for a period is defined as Gross Profit for that period as a percentage of revenue and other operating income for that period.

The Group considers Gross Profit Margin to be a useful measure to evaluate its operating performance per segment and it believes that Gross Profit Margin is useful for analysts and investors to understand how management assesses its ongoing operating performance on a consistent basis as its business grows.

- “Net Working Capital” the sum of inventories, trade and other receivables, other current assets and non-current other receivables minus trade and other payables, employee benefits and provisions (current), other liabilities (current and non-current liabilities).

The Group monitors Net Working Capital to evaluate how efficient it is at managing its cash provided by operating and financing activities.

- “Changes in Working Capital” is defined as the line item ‘changes in working capital’ presented in the consolidated statement of cash flows of the Integer Group.

The Group uses Changes in Working Capital to calculate Free Cash Flow.

- “Capital Expenditure” is defined as purchases of property, plant, equipment and purchases of intangible assets as well as the cost of internal resources (mostly labour) spent to create such tangible or intangible assets as presented in the consolidated statement of cash flows.

The Group presents Capital Expenditure in order to show the amount of expenditure incurred in relation to the expansion and maintenance of its logistics network and it believes that Capital Expenditure is useful for analysts and investors to understand how management monitors and assesses its ongoing expenditures on a consistent basis.

- “Maintenance Capex Poland” (whereby ‘Capex’ refers to capital expenditure) is defined as purchases of property, plant and equipment for the Polish market in order to replace existing IT or logistics equipment or add new IT or logistics equipment for existing branches or sorting departments. It includes also purchases of property, plant and equipment for the Group’s APM production factory.

The Group presents Maintenance Capex Poland in order to show the amount of expenditures incurred in relation to the maintenance of its property, plant and equipment in Poland and it believes that Maintenance Capex Poland is useful for analysts and investors to understand how management monitors and assesses its ongoing expenditures on a consistent basis.

- “APM Development Capex Poland” is defined as purchases of property, plant and equipment for the Polish market relating to the roll-out of new APMs and the expansion of APMs at existing locations in Poland.

The Group presents APM Development Capex Poland in order to show the amount of expenditures incurred in relation to the expansion of its APM network in Poland and it believes that APM Development Capex Poland is useful for analysts and investors to understand how management monitors and assesses its ongoing expenditures on a consistent basis.

- “Operational Development Capex Poland” is defined as purchases of property, plant, equipment and purchases of intangible assets for the Polish market in relation to the operational development of the Integer Group such as investments in sorting lines, equipment and IT in Poland.

The Group presents Operational Development Capex Poland in order to show the amount of expenditures incurred in relation to the expansion of its APM network in Poland and it believes that Operational Development Capex Poland is useful for analysts and investors to understand how management monitors and assesses its ongoing expenditures on a consistent basis.

- “International Capex” is defined as purchases of property, plant, equipment and purchases of intangible assets on other markets than in Poland i.e. the UK and Italy

The Group presents International Capex in order to show the amount of expenditures incurred in relation to the expenditures in its international activities and it believes that International Capex is useful for analysts and investors to understand how management monitors and assesses its ongoing expenditures on a consistent basis.

- “Free Cash Flow” is defined as Operating EBITDA adjusted for Changes in Working Capital, Maintenance Capex Poland, APM Development Capex Poland, Operational Development Capex Poland and International Capex.

The Group presents its Free Cash Flow because it provides investors with relevant information on how management assesses and measures its cash flows from ongoing operating activities. Its purpose is to provide both management and investors relevant and useful information about Integer Group’s cash generation capacity and performance.

- “Free Cash Flow From Operations” is defined as Operating EBITDA adjusted for Changes in Working Capital.

The Group presents its Free Cash Flow From Operations because it provides investors with relevant information on how management assesses and measures its cash flows from ongoing operating activities, without taking into account its capital expenditure (i.e. Maintenance Capex Poland, APM Development Capex Poland, Operational Development Capex Poland and International Capex). Its purpose is to provide both management and investors relevant and useful information about Integer Group’s cash generation capacity and performance, without adjustment for capital expenditure.

- “Cash Conversion” is defined as Free Cash Flow divided by Operating EBITDA.

The Group presents its Cash Conversion because it provides investors with relevant information on how management assesses and measures its cash flows from ongoing operating activities compared to the income it generates on a consistent basis as its business grows. Its purpose is to provide both management and investors relevant and useful information about Integer Group’s cash generation capacity and performance.

- “Revenue per APM Parcel in Poland” for a period is defined as the revenue generated via the Group’s APM segment in Poland divided by APM parcel volume for that period.

The Group monitors its Revenue per APM Parcel in Poland to evaluate and measure the performance and development of its APM segment and it believes that Revenue per APM Parcel in Poland is useful for analysts and investors to understand how management assesses its ongoing operating performance on a consistent basis.

- “Revenue per To-Door Parcel in Poland” for a period is defined as the revenue generated via Integer Group’s to-door segment in Poland divided by the number of parcels handled via Integer Group’s to-door segment in Poland for that period.

The Group monitors its Revenue per To-Door Parcel in Poland to evaluate and measure the performance and development of its To-door segment and it believes that Revenue per To-Door Parcel in Poland is useful for analysts and investors to understand how management assesses its ongoing operating performance on a consistent basis.

- “Direct Cost per Parcel in Poland” for a period is defined as direct costs divided by the number of parcels handled in Integer Group’s APM and to-door segment in Poland for that period.

The Group monitors its Direct Cost per Parcel in Poland as a useful metric for evaluating its operating performance as it facilitates a comparison of its operating results per segment from period to period.

- “General Cost per Parcel in Poland” for a period is defined as general costs divided by the number of parcels handled in Integer Group’s APM and to-door segment in Poland for that period.

The Group monitors its General Cost per Parcel in Poland as a useful metric for evaluating its operating performance from period to period.

- “Gross Profit per Parcel in Poland” for a period is defined as Gross Profit for Integer Group’s APM and to-door segment in Poland divided by the number of parcels handled in Integer Group’s APM and to-door segment in Poland for that period.

The Group monitors its Gross Profit per Parcel in Poland as a useful metric for evaluating its operating performance from period to period and it believes that Gross Profit per Parcel in Poland is useful for analysts and investors to understand how management assesses its ongoing operating performance on a consistent basis.

- “Net Leverage” for a period is defined as the sum of loans and borrowings and other financial liabilities minus cash and cash equivalents (“Net Financial Debt”) divided by Operating EBITDA. Operating EBITDA for the twelve months ended 30 September 2020 is calculated as follows: Operating EBITDA for the nine months ended 30 September 2020 plus Operating EBITDA for the year ended 31 December 2019 minus Operating EBITDA for the nine months ended 30 September 2019.

The Group monitors its Net Leverage because the Group believes these measures provide indicators of the overall strength of its balance sheet and can be used to assess the impact of Integer Group’s cash position and its earnings as compared to its indebtedness.

- “Cumulative Contribution Generated by APM” is defined as the difference between average APM price per parcel and average APM logistics unit costs per parcel multiplied by number of APM parcels delivered to the APM, reduced by maintenance cost and telecom costs incurred for this APM. Cumulative Contribution Generated by APM is determined on a cumulative basis i.e. from the date an APM becomes operational until the relevant reporting date

The Group presents its Cumulative Contribution Generated by APM in order to calculate Return on Investment by APM.

- “Return on Investment by APM” is defined as a percentage of Cumulative Contribution Generated by APM divided by capital expenditure spent for this APM.

The Group presents its Return on Investment by APM in order to show the return on the expenditure it has incurred in relation to an individual APM. The Group may also choose to analyse the return on capital based on a wider population of APMs to receive more meaningful performance results and group them into cohorts for analysis on a per cohort basis. Cohorts are defined by the Group as assets put into operation in a space of a given time period, typically a month or a year.

See “*Selected Consolidated Financial Information— Non-IFRS Financial Measures*” for the reconciliations of the Non-IFRS financial measures discussed herein, to the extent such measures can be reconciled to an IFRS line item.

### ***Changes in accounting policies***

Integer.pl has adopted various changes in its accounting policies during the financial periods presented in this Prospectus. With effect as of 1 January 2018, Integer.pl has adopted IFRS 15 (*Revenue from Contracts with Customers*), IFRS 9 (*Financial Instruments*) and IFRS 16 (*Leases*). For the impact of the adoption of these changes in accounting policy on the financial statements of Integer.pl, see Note 5 *New standards or amendments and forthcoming requirements* to the 2017-2019 Financial Statements included elsewhere in this Prospectus. See “*Operating and Financial Review – Critical Accounting Policies*”.

As permitted under IFRS, Integer.pl did not apply a retrospective approach when adopting these changes in accounting policies and as a result Integer.pl has not restated any historical financial data of Integer.pl (including comparative figures) prior to 1 January 2018. As a result of these changes in accounting policies, the results and financial position of the Integer Group may not be directly comparable from period to period.

The Company did not adopt any changes in its accounting period during the financial period presented in this Prospectus.

### Rounding and negative amounts

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. In tables, negative amounts are shown between parentheses. Otherwise, negative amounts are shown by “-” or “negative” before the amount. Some percentages in tables in the Prospectus have also been rounded and accordingly the totals in these tables may not add up to 100%.

### Currency

In this Prospectus, unless otherwise indicated: all references in this Prospectus to “złoty” or “PLN” are to the lawful currency of Poland. The PLN is the functional currency of the Group and is also the currency in which the Financial Statements are presented. The financial information in this Prospectus is presented in złoty; all references to the “EU” are to the European Union; all references to “Euro” or “€” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time; all references to the “United States” or the “US” are to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; all references to “USD”, “US dollars” or “\$” are to the lawful currency of the United States.

### Exchange Rates

The Group will publish its future consolidated financial statements in złoty. The exchange rates below are provided solely for information and convenience. The tables below show, for the periods indicated, the period end, average, high and low National Bank of Poland exchange rate expressed as US dollar per PLN 1.00 and expressed as Euro per PLN 1.00. The National Bank of Poland exchange rate is a ‘best market’ calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The average rate for a year means the average of the National Bank of Poland exchange rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily National Bank of Poland exchange rates during that month, or shorter period, as the case may be. No representation is made that złoty could have been, or could be, converted into US dollars or Euro at any particular rate indicated or any other rate.

	<u>Period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
	<b>USD per PLN 1.00</b>			
<b>Year</b>				
2020 .....	0.27	0.26	0.28	0.23
2019 .....	0.26	0.26	0.27	0.25
2018 .....	0.27	0.28	0.30	0.26
2017 .....	0.29	0.27	0.29	0.24
2016 .....	0.24	0.25	0.27	0.24

	<u>Period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
	<b>USD per PLN 1.00</b>			
<b>Month</b>				
December 2020 .....	0.27	0.27	0.28	0.27
November 2020 .....	0.27	0.26	0.27	0.25
October 2020 .....	0.25	0.26	0.26	0.25

Source: National Bank of Poland

	<u>Period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
	<b>EUR per PLN 1.00</b>			
<b>Year</b>				
2020 .....	0.22	0.23	0.24	0.22
2019 .....	0.24	0.23	0.24	0.23
2018 .....	0.23	0.23	0.24	0.23
2017 .....	0.24	0.23	0.24	0.23
2016 .....	0.23	0.23	0.24	0.22

	<u>Period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
	<b>EUR per PLN 1.00</b>			
<b>Month</b>				
December 2020 .....	0.22	0.22	0.23	0.22
November 2020 .....	0.22	0.22	0.22	0.22
October 2020 .....	0.22	0.22	0.22	0.22

Source: National Bank of Poland

### Market and Industry Data

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Group's own assessment of its sales and markets.

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and markets. Unless otherwise indicated, such information is based on the Group's analysis of multiple sources, including a market study it commissioned from Bain & Company, Inc. in 2020 (the "**Company Market Study**") and information obtained from the Economist Intelligence Unit, Statistics Poland, European Commission, Eurostat Bloomberg, PMR, National Bank of Poland, Refinitiv, Gemius market survey and Customer.guru (together with the Company Market Study, the "**Market Reports**"). Such information has been accurately reproduced, and, as far as the Group is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information provided inaccurate or misleading.

The Group understands that the Company Market Study includes and is based on its consumer survey and internal financial and operational information supplied by, or on behalf of, the Group.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third party information has been sourced in this Prospectus, the source of such information has been identified.

This Prospectus contains certain statements regarding the Group's competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the competitors of the Group may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's figures.



## NOTICE TO INVESTORS

**EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.**

*Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares.*

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, and the offer or sale of Offer Shares, is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell Offer Shares. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions.

No action has been or will be taken to permit a public offer or sale of Offer Shares, or the possession or distribution of this Prospectus or any other material in relation to the Offering in any jurisdiction where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

**Shareholders and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus should read “Selling and Transfer Restrictions” in this Prospectus which relate in particular, but without limitation, to the European Economic Area, the United Kingdom, the United States, Canada, Australia, Singapore, Hong Kong, Dubai International Financial Center, the United Arab Emirates (excluding the Dubai International Financial Centre), South Africa and Switzerland.**

## NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. The Offer Shares will only be offered and sold in the United States to persons reasonably believed to be QIBs (as defined in Rule 144A), pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. All offers and sales of the Offer Shares outside the United States will be made in compliance with Regulation S under the US Securities Act. Transfers of the Offer Shares will be restricted and each purchaser of the Offer Shares will be deemed to have made acknowledgments, representations and agreements, as described under “*Selling and Transfer Restrictions*”.

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the US Securities Act.

None of the Company, the Selling Shareholders or the Banks accept any legal responsibility for any violation by any person, whether or not a prospective investor in the Offer Shares, of any of the foregoing restrictions.

**THE OFFER SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE RIGHTS OR THE OFFER SHARES OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective purchaser to consider purchasing the particular securities described herein.

The information contained in this Prospectus has been provided by the Group and the other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Group and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without the Group's prior written consent, is prohibited.

This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Prospectus.

For so long as any Shares are 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act, the Group will during any period in which it is neither subject to section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act. The Company is not currently subject to the periodic reporting requirements of the US Exchange Act.

#### **NOTICE TO PROSPECTIVE INVESTORS IN CANADA**

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* NI 33-105, the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

#### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors who meet the criteria of professional clients and eligible counterparties.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Shares has led to the conclusion that: (i) the target market for the Shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and

professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Shares to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Shares (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Shares (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

For the avoidance of doubt, the above does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II or otherwise; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

### **Enforceability of Judgments**

The Company is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg. The assets of the Company are principally situated outside of Luxembourg. Therefore, in matters that are not subject to the jurisdiction of the Luxembourg courts, it may be difficult for investors who are not subject to the Luxembourg jurisdiction to successfully deliver to the Company any letters or judgments issued in courts outside the EU in connection with any proceedings conducted against such persons with respect to the Offering or the Offer Shares.

In Luxembourg, being an EEA Member State, Regulation No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“**Regulation 1215/2012**”) is applied directly. Under Regulation 1215/2012, the recognition of judgments of courts of EEA Member State in Luxembourg does not require any special procedure in order to be recognised. In addition, the enforcement of judgments of courts of EEA Member States in Luxembourg does not require a declaration of enforceability in separate proceedings. The relevant court, at the request of the person against whom a motion was submitted for the recognition and enforcement of a judgment may refuse to recognise and enforce the judgment if any of the following occur: (i) the recognition and enforcement would undoubtedly contradict the public policy system of the relevant EEA Member State; (ii) where the judgment was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defense, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; (iii) if the judgment is irreconcilable with the judgment given between the same parties in the EEA Member State addressed; (iv) if the judgment is irreconcilable with an earlier judgment given in another EEA Member State or in a third state in a dispute involving the same cause of action and between the same parties, provided that the earlier judgment satisfies the conditions necessary for it to be recognised in the relevant EEA Member State; or (v) if the judgment contradicts Regulation 1215/2012 regarding jurisdiction over matters concerning insurance, consumer agreements or individual contracts of employment if the defendant was the insurer, the insured, the beneficiary under insurance, an injured party, a consumer or an employee and Regulation 1215/2012 regarding exclusive jurisdiction. The Company cannot give any assurance that all of the conditions for the enforcement of foreign judgments in Luxembourg will be met or that any particular judgment will be enforceable in Luxembourg.

With respect to a judgment issued by courts of a state that is not party to any relevant bilateral or multilateral treaty with Luxembourg regarding the recognition of judgments (including the UK, as a consequence of its withdrawing from the EU under article 50 of the Treaty on European Union and the termination of the withdrawal agreement setting out the terms of the UK’s exit from the European Union) and which is not a EEA Member State, a judgment obtained against a Luxembourg company in such court in a dispute with respect to which the parties have validly agreed that such court is to have jurisdiction, such judgment will not be directly enforced by the courts in Luxembourg. In order to obtain a judgment which is enforceable in Luxembourg, enforcement proceedings must be initiated in Luxembourg (*exequatur*) before the Luxembourg District Court (*Tribunal d’Arrondissement*) subject to compliance with the relevant provisions of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case law, being:

- the court awarding the judgment has personal and subject matter jurisdiction to adjudicate the respective matter according to its applicable laws and Luxembourg private international law rules on conflict of jurisdiction and the choice of venue was proper;
- the judgment rendered by the relevant court is final and enforceable (*exécutoire*);
- the court awarding the judgment has applied to the dispute the substantive law which would have been applied by Luxembourg courts or, at least, the order must not contravene the principles underlying those rules (based on case law and legal doctrine, it is not certain that this condition would still be required for an exequatur to be granted by a Luxembourg court);
- the judgment must have been granted in compliance with the rights of the defendant to appear in accordance with European Convention of Human Rights and European Court of Human Rights case law, and if the defendant appeared, to present its case;
- the court awarding the judgment has acted in accordance with its own procedural laws; and
- the decisions and considerations of the foreign order, as well as the judgment, do not contravene Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liability provisions of the US federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Typically an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law if the choice of such foreign law was not made *bona fide* or if (i) the foreign law was not pleaded and proved or (ii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. Also, an exequatur may be refused in respect of a foreign judgment granting punitive damages. In practice, Luxembourg courts presently tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review. Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes all claims or debts would be converted into Euro.

### Information Regarding Forward-Looking Statements

Certain statements in this Prospectus other than statements of historical fact are forward-looking statements. In particular, this Prospectus contains forward-looking statements under the following headings: “*Risk Factors*”, “*Dividends and Dividend Policy*”, “*Operating and Financial Overview*”, “*Industry Overview*” and “*Business Overview*”, which are based on the current beliefs and projections of the Group and on information currently available to the Group. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group’s control and all of which are based on its current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believe”, “expect”, “may”, “will”, “seek”, “would”, “could”, “should”, “intend”, “estimate”, “plan”, “assume”, “predict”, “anticipate”, “annualised”, “goal”, “target”, “potential” or “aim” or the negative thereof or other variations thereof or comparable terminology, or by discussions of the Group’s strategy, medium-term objectives and future plans that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Except as required by applicable law, the Group does not undertake and it expressly disclaims any duty to update or revise publicly any forward-looking statement in this Prospectus, whether as a result of new information, future events or otherwise. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections of the members of the Management Board and the Group’s management of, public statements made by it, present and future business strategies and the environment in which the Group will operate in the future. By their nature, they are subject to known and unknown risks and uncertainties, which could cause the Group’s actual results and future events to differ materially from those implied or expressed by forward-looking statements. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Prospectus include those described under “*Risk Factors*”.

Although the Group believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of the members of the Management Board and the Group's management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors.

Prospective investors are advised to read “*Risk Factors*”, “*Dividends and Dividend Policy*”, “*Selected Consolidated Financial Information*”, “*Operating and Financial Review*”, “*Industry Overview*” and “*Business Overview*” for a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates. Should one or more of these risks or uncertainties materialise, or should any of the assumptions underlying the above or other factors prove to be incorrect, the actual results of operations of the Group or future financial condition could differ materially from those described herein as currently anticipated, believed, estimated or expected. In light of the risks, uncertainties and assumptions underlying the above factors, the forward-looking events described in this Prospectus may not occur or be realised. Additional risks not known to the Group or that the Group does not currently consider material could also cause the forward-looking events discussed in this Prospectus not to occur.

## **Definitions**

In this Prospectus, the “Management Board”, “Supervisory Board” and “General Meeting” refer to, respectively, the management board (*directoire*), the supervisory board (*conseil de surveillance*) and the general meeting of shareholders (*l'assemblée générale des actionnaires*) of the Company. In addition, see “*Definitions*”.

Certain other terms used in this Prospectus are defined in “*Defined Terms*”.



## **REASONS FOR THE OFFERING AND USE OF PROCEEDS**

### **Background and Reasons for the Offering and the Admission**

The Offering and the Admission are expected to enhance the Group's profile, brand recognition and credibility and to further improve the Group's ability to recruit, retain and incentivise its key management and employees. Moreover, the Offering is expected to increase brand equity both in Poland and internationally, particularly in the countries the Group is expanding to. The Offering and Admission will also provide additional financial flexibility and diversity through access to a wider range of capital-raising options and provide the Company with the possibility of financing acquisitions with its Shares. In addition, the Offering and Admission will create a market in the Shares for existing and future shareholders and provide the Selling Shareholders with a partial realisation of their investment in the Group.

### **Use of Proceeds**

The Group will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholders.

## DIVIDENDS AND DIVIDEND POLICY

*The information described in this section applies to the Company, unless specified otherwise.*

### General

The Company may only make distributions of dividends on the Shares upon the approval of its annual accounts, subject to the mandatory allocation to the Legal Reserve (as defined in “*Description of Share Capital and Corporate Governance – Share Capital – Dividends and Other Distributions*”). In accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “**1915 Law**”), except in case of reduction of the Company’s issued capital, no distributions to shareholders may be made when, on the closing date of the last financial year, the net assets as set out in the Company’s annual accounts are, or following such a distribution would become, lower than the amount of the Company’s issued capital plus any reserves which may not be distributed under the law or the Company’s articles of association as they shall read as of the Settlement Date (the “**Articles of Association**”). The amount of a dividend declared by the General Meeting upon approval of the Company’s annual accounts may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves available for that purpose, minus any losses carried forward and sums to be placed in reserve in accordance with the law or the Articles of Association. Whether this test is met, will be determined by looking at the standalone financial statements of the Company as prepared under Luxembourg generally accepted accounting principles. See “*Description of Share Capital and Corporate Governance – Share Capital – Dividends and Other Distributions*”.

Interim dividends may be declared and paid by the Management Board out of available net profits or other available reserves, provided that approval of the Supervisory Board has been obtained and certain conditions are met. Similar to dividends declared by the General Meeting, no interim dividends may be paid by the Management Board unless the test described above is met on the basis of standalone interim financial statements prepared at the level of the Company. See “*Description of Share Capital and Corporate Governance – Share Capital – Dividends and Other Distributions*”.

### Limitations on Dividend Payments

The Company is a holding company, which has no direct operations other than the holding of investments in other Group companies. The only source of funds that the Company will have at its disposal for the payment of dividends (including interim dividends), if any, will be dividends and other payments received from its subsidiaries in the form of, *inter alia*, loans granted, notes purchased by its subsidiaries or repayments of capital. The ability of each subsidiary to pay dividends or make such other payments is determined individually and in accordance with applicable law, including the capital requirements to which such subsidiary is subject. See also “*Risk Factors*” and “*Important Information – Information Regarding Forward-Looking Statements*”.

In order to ensure that the Company has such sufficient distributable amounts to enable it to distribute dividends on a yearly basis, its subsidiary Integer.pl will have to pay a dividend to the Company in advance of any dividend payment by the Company and such dividend from Integer.pl will need to be in an amount that will result in the Company’s having sufficient distributable amounts as required under the 1915 Law for dividends distributions. This will require a decision of Integer.pl’s General Meeting (noting that the Company is in essence the sole shareholder of Integer.pl).

As set forth in “*Capitalisation and Indebtedness*” and “*Unaudited Pro Forma Financial Information*”, the Reorganisation and Refinancing Transactions of the Group results in the Company having a negative shareholders’ equity on a consolidated basis but not negative net assets on a standalone basis. Under Luxembourg law, having negative shareholders’ equity on a consolidated basis does not in and of itself affect the ability of the Company to make distributions of dividends to its shareholders as long as the Company itself has sufficient available amounts as required under the 1915 Law to make such distributions. This can be achieved by the Company receiving dividends or payments from its subsidiaries that are sufficient, after servicing interests on the indebtedness of the Company, to pay dividends to its shareholders.

The amount distributable by the Company, on a standalone basis, as adjusted for the Reorganisation and Refinancing Transactions is nil as of 31 December 2020, and therefore any payment of dividends (including interim or yearly dividends) to the Company’s shareholders depends fully on the distributable amounts generated by the Company following the Reorganisation and Refinancing Transactions. The level of such distributable amounts available to the Company for the purpose of a dividend distribution will be affected, *inter alia*, by the following:

- income from dividends or payments received by the Company from Integer.pl and other Group companies. Following the reorganisation and refinancing the Company will have outstanding loans from its Group companies at the amount of PLN 688.6 million (see “*Unaudited Pro Forma Financial Information*”);
- interest expenses from the Company’s PLN 1,950 million New Term Loan and the PLN 800 million New RCF indebtedness and the indebtedness’ related foreign currency exchange gains or losses;
- impairment or reversal of impairment of the Company’s investment in subsidiaries; and
- ongoing costs of holding operations to be paid by the Company.

The major source of income for the Company is expected to be dividends received from Integer.pl. As at 30 September 2020, on a standalone basis, the Integer.pl undistributed profits amount to PLN 120.4 million. The level of dividends that Integer.pl may pay to the Company will be further affected by the financial results (i.e. incurred losses or generated profits) that Integer.pl will achieve in the current and future financial years.

The actual payment of future dividends, if any, will depend upon a number of factors including, but not limited to, the Company’s unconsolidated distributable amounts, its earnings, level of profitability and financial condition, capital requirements, applicable restrictions on the payment of dividends under Luxembourg law, including the requirement for sufficient available amounts pursuant to the 1915 Law as described above, and such other factors as the Management Board may deem relevant. Accordingly, the Company’s ability to pay dividends in the future may be limited or its dividend policy may change.

See “*Description of Share Capital and Corporate Governance – Share Capital – Dividends and Other Distributions*” for a discussion of limitations on dividend payments on the Shares under Luxembourg law.

### **Dividend Policy**

The Company will consider the opportunity to pay a dividend in the medium term while maintaining financial flexibility to invest in its growth both organically and inorganically.

The Company’s ability to pay dividend is subject to a number of assumptions, risks and uncertainties, many of which are beyond its control. Please see “*Risk Factors – The Company relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and the Company’s ability to pay dividends may be constrained.*” and “*Important Information – Information Regarding Forward-Looking Statements*”. Furthermore, the Company’s dividend policy is subject to change as the Management Board will revisit its dividend policy from time to time.

### **Dividend Declared on the Shares of the Company**

As the Company was incorporated on 6 November 2020, no dividends have been declared as of the date of this Prospectus. In connection with the Reorganisation and Refinancing Transactions a repayment of share premium will be made by the Company to Bidco (See “*Selling Shareholders and Related Party Transactions – Reorganisation*”).

### **Dividend Declared on the shares of Integer.pl**

Over the years ended 31 December 2018 and 2017 and the nine months ended 30 September 2020, no dividends were declared by Integer.pl. For the year ended 31 December 2019 Integer.pl paid a dividend in the amount of PLN 40 million (PLN 2.15 per share) to its sole shareholder.

### **Dividend Ranking of the Shares**

All of the Shares issued and outstanding on the day following the Settlement Date, including the Offer Shares, will rank equally and will be eligible for any dividend payment that may be declared on the Shares in the future.

### **Manner and Time of Dividend Payments**

Payment of any dividend in cash will be made in Euro. Any dividends that are paid to shareholders through Euroclear Nederland will be automatically credited to the relevant shareholders’ accounts without the need for shareholders to present documentation proving their ownership of the Shares.

**Taxation of Dividends**

See “*Taxation*” for a discussion of certain aspects of taxation of dividends on the Shares.

## CAPITALISATION AND INDEBTEDNESS

The information below should be read in conjunction with the Financial Statements and the related notes thereto, as well as the information under “Operating and Financial Review” and “Unaudited Pro Forma Financial Information”.

### Working Capital

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months commencing as of the date of this Prospectus.

### Capitalisation and Indebtedness

The tables below sets forth the capitalisation and indebtedness of the Company on an actual historical standalone basis. As adjusted information in the tables below illustrate the financial position of the Group following the Reorganisation and Refinancing Transactions and has been extracted from the “Unaudited Pro Forma Financial Information” included elsewhere in this Prospectus. The *pro forma* data has been based on the most recent available historical information of the Integer Group (as at 30 September 2020). See “Unaudited Pro Forma Financial Information” for details.

### Capitalisation

	Company as at 6 November 2020 <sup>(1)</sup>	As Adjusted
	<i>(unaudited, in million PLN)</i>	
<b>Total current debt</b> .....	—	<b>166.1</b>
of which guaranteed.....	—	0.0
of which secured.....	—	166.1 <sup>(2)</sup>
of which unsecured/unguaranteed.....	—	0.0
<b>Total non-current debt</b> .....	—	<b>2,119.4</b>
of which guaranteed.....	—	0.0
of which secured.....	—	2,119.4 <sup>(3)</sup>
of which unsecured/unguaranteed.....	—	0.0
<b>Shareholders' equity</b> .....	<b>0.0</b>	<b>(777.5)<sup>(4)</sup></b>
Share capital.....	0.1	22.6
<i>of which net assets attributable to shareholders of the Company</i> .....	<i>0.1</i>	<i>22.6</i>
Supplementary capital.....	—	32,476.8
Retained earnings (including net profit (loss) for the period) .....	(0.1)	(530.7)
Legal reserves.....	—	—
Other reserves.....	—	32,746.2 <sup>(5)</sup>
<b>Total capitalisation</b> .....	<b>0.0</b>	<b>1,508.0</b>

(1) The line items from the statement of financial position of the Company have been derived by extracting, without making any material adjustments, from the Company Financial Statements and were converted to PLN using the exchange rate of PLN 4.5268 per EUR 1.

(2) Current secured debt consists of: (i) leasing liabilities of PLN 152.7 million; (ii) factoring liabilities of PLN 0.5 million; and (iii) current portion of collateralized borrowing transactions secured with automated parcel machines, sorters and IT equipment of PLN 12.9 million, which is presented under the current loans and borrowings.

(3) Non-current secured debt consists of: (i) PLN 1,929.7 million and reflecting the effect of the *pro forma* adjustments related to: the incurrence of new debt; new debt issuance costs; accelerated amortisation of existing debt of the Integer Group; and repayment of existing debt of the Integer Group as described in note 4 to “Unaudited Pro Forma Financial Information”; (ii) leasing liabilities of PLN 157.2 million; and (iii) non-current portion of collateralized borrowings secured with automated parcel machines, sorters and IT equipment of PLN 32.4 million, presented under the non-current loans and borrowings.

(4) Shareholders' equity is presented on a *pro forma* consolidated basis. This is different from the distributable reserves of the Company on a standalone basis. The actual payment of future dividends, if any, will depend upon a number of factors including, but not limited to, the amount of the Company's unconsolidated distributable reserves, its earnings, level of profitability and financial condition, capital requirements, applicable restrictions on the payment of dividends under Luxembourg law and such other factors as the Management Board may deem relevant.

(5) Other reserves contain Reorganisation reserve as presented in the “Unaudited Pro Forma Financial Information” and explained in note 3 thereto.



## Indebtedness

	Company as at 6 November 2020 <sup>(1)</sup>	As Adjusted
	<i>(unaudited, in million PLN)</i>	
Cash.....	0.1	102.9
Cash equivalents .....	—	—
Other current financial assets.....	—	—
<b>Liquidity (A).....</b>	<b>0.1</b>	<b>102.9</b>
Current financial debt.....	—	153.2 <sup>(2)</sup>
Current portion of non-current financial debt .....	—	12.9 <sup>(3)</sup>
<b>Current financial indebtedness (B) .....</b>	<b>—</b>	<b>166.1</b>
<b>Net current financial indebtedness (C) = (B – A) .....</b>	<b>(0.1)</b>	<b>63.2</b>
Non-current financial debt .....	—	2,119.4 <sup>(4)</sup>
Debt instruments .....	—	0.0
Non-current trade and other payables .....	—	0.0
<b>Non-current financial indebtedness (D) .....</b>	<b>—</b>	<b>2,119.4</b>
<b>Net financial indebtedness (C) + (D).....</b>	<b>(0.1)</b>	<b>2,182.6</b>

- (1) The line items from the statement of financial position of the Company have been derived by extracting, without making any material adjustments, from the Company Financial Statements and were converted to PLN using the exchange rate of PLN 4.5268 per EUR 1.
- (2) Current financial debt consists of: (i) leasing liabilities of PLN 152.7 million; and (ii) factoring liabilities of PLN 0.5 million.
- (3) Current portion of non-current financial debt consists of collateralized borrowing transactions secured with automated parcel machines, sorters and IT equipment of PLN 12.9 million.
- (4) Non-current financial debt on a *pro forma* basis consists of (i) PLN 1,929.7 million and reflecting the effect of *pro forma* adjustments related to: incurrence of new debt; new debt issuance costs; accelerated amortisation of existing debt of Integer Group; and repayment of existing debt of Integer Group as described in note 4 to “Unaudited Pro Forma Financial Information”; (ii) leasing liabilities of PLN 157.2 million; and (iii) non-current portion of collateralized borrowings secured with automated parcel machines, sorters and IT equipment of PLN 32.4 million.

On the date of this Prospectus, the Group does not have any indirect indebtedness or contingent indebtedness.

Other than entering into new lease agreements by the Group in its ordinary course of business, and other than as described in this Prospectus, there have been no material changes in the capitalisation, indebtedness or liquidity of the Group from 6 November 2020 to the date of this Prospectus.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information of Integer Group and the Company as of the dates and for the periods indicated. This section contains (i) selected unaudited consolidated financial information of Integer.pl as at and for the nine months ended 30 September 2020 and 2019, which has been derived from the Interim Financial Statements included elsewhere in this Prospectus; (ii) selected historical consolidated financial information of Integer.pl as at and for the years ended 31 December 2019, 2018 and 2017, which has been derived from the audited 2017-2019 Financial Statements included elsewhere in this Prospectus; and (iii) selected audited standalone financial information of the Company as at 6 November 2020, and should be read in conjunction with the financial statements included in the section “*Financial Statements*”, which begins on page F-1 of this Prospectus and in conjunction with the section “*Operating and Financial Review*”.

### Selected Consolidated Statement of Profit or Loss and Other Income data of Integer Group

	Year ended 31 December			Nine Months ended on 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
Revenue.....	1,232.0	726.2	482.5	1,666.2	832.5
Other operating income.....	10.6	10.7	14.6	10.8	6.7
Depreciation and amortisation.....	221.5	146.4	83.6	242.9	147.3
Raw materials and consumables.....	40.2	25.9	35.9	30.9	14.9
External services.....	685.6	468.2	333.5	835.9	488.2
Taxes and charges.....	2.3	1.7	1.5	1.4	1.8
Payroll.....	107.1	66.3	60.3	131.6	69.1
Social security and other benefits.....	27.8	12.5	12.8	29.1	16.6
Other expenses.....	11.3	15.3	7.7	10.6	7.5
Costs of goods and materials sold.....	8.6	22.4	9.8	6.4	6.0
Other operating expenses.....	13.1	7.7	11.4	3.7	8.9
Impairment (gain) loss on trade and other receivables.....	(3.5)	7.2	5.8	(8.2)	(3.8)
<b>Total operating expenses.....</b>	<b>1,114.0</b>	<b>773.6</b>	<b>562.3</b>	<b>1,284.3</b>	<b>756.5</b>
<b>Operating profit (loss).....</b>	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Finance income.....	20.9	2.5	8.2	0.1	5.2
Finance costs.....	62.8	54.4	46.7	116.5	48.7
Profit on sales of organised part of an enterprise.....	—	—	—	1.9	—
Share of profits of equity-accounted investees.....	—	—	0.6	—	—
<b>Profit (loss) before tax.....</b>	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Income tax expense (benefit).....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) from continuing operations.....</b>	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Profit (loss) from discontinued operations.....	(3.2)	(15.1)	(102.2)	(1.2)	4.2
<b>Net profit (loss).....</b>	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>

**Selected Consolidated Statement of Financial Position data of Integer Group**

	As of 31 December 2019	As of 31 December 2018	As of 31 December 2017	As of 30 September 2020
(in PLN millions, unless indicated otherwise)				
<i>Assets</i> .....				
<b>Non-current assets</b> .....	<b>1,201.5</b>	<b>904.0</b>	<b>662.1</b>	<b>1,487.6</b>
Intangible assets.....	122.0	122.8	100.6	131.2
Property, plant and equipment .....	998.0	687.4	553.2	1,272.7
Other receivables .....	3.2	5.9	6.3	2.5
Other financial assets.....	—	0.1	1.4	—
Deferred tax assets.....	78.1	87.8	0.1	80.4
Other assets.....	0.2	—	0.5	0.8
<b>Current assets</b> .....	<b>368.3</b>	<b>267.7</b>	<b>324.9</b>	<b>477.7</b>
Inventories .....	2.2	2.2	2.0	5.1
Other financial assets.....	2.5	0.9	0.2	0.3
Trade and other receivables.....	215.8	180.1	155.5	290.5
Income tax asset .....	6.2	0.1	1.1	2.0
Other assets.....	28.6	22.9	38.6	77.0
Cash and cash equivalents .....	113.0	61.5	127.5	102.8
<b>Non-current assets held for sale</b> .....	<b>—</b>	<b>5.6</b>	<b>6.8</b>	<b>—</b>
<b>Total assets</b> .....	<b>1,569.8</b>	<b>1,177.3</b>	<b>993.8</b>	<b>1,965.3</b>
<i>Equity</i> .....				
Share capital .....	18.6	18.6	18.6	17.6
Reserve capital.....	944.5	944.5	944.5	976.7
Retained earnings / (accumulated losses)	(571.1)	(622.0)	(601.7)	(522.8)
Reserves .....	(2.4)	6.0	12.9	11.1
<b>Equity attributable to owners of Integer.pl</b> .....	<b>389.5</b>	<b>347.1</b>	<b>374.3</b>	<b>482.6</b>
Non-controlling interests .....	(0.2)	(0.2)	(5.7)	(0.2)
<b>Total equity</b> .....	<b>389.3</b>	<b>346.9</b>	<b>368.6</b>	<b>482.4</b>
<b>Loans and borrowings</b> .....	<b>613.3</b>	<b>398.3</b>	<b>196.7</b>	<b>690.8</b>
Employee benefits and provisions.....	10.6	5.5	0.2	12.4
Government grants .....	11.2	8.0	10.3	9.1
Deferred tax liability.....	16.8	2.9	4.2	11.8
Other financial liabilities .....	124.4	79.2	58.1	157.2
Other liabilities .....	—	0.1	0.2	—
<b>Total non-current liabilities</b> .....	<b>776.3</b>	<b>494.0</b>	<b>269.7</b>	<b>881.3</b>
Trade and other payables .....	191.3	162.3	203.5	248.5
Loans and borrowings .....	4.9	39.7	58.2	24.4
Government grants .....	3.2	6.9	3.5	2.9
Current tax liabilities .....	3.4	1.1	2.5	17.1
Employee benefits and provisions.....	18.8	15.9	21.1	31.1
Other financial liabilities .....	152.3	90.0	46.1	153.2
Other liabilities .....	30.3	20.4	20.5	124.4
<b>Total current liabilities</b> .....	<b>404.2</b>	<b>336.3</b>	<b>355.4</b>	<b>601.6</b>
Liabilities directly associated with the assets held for sale.....	—	0.1	0.1	—
<b>Total liabilities</b> .....	<b>1,180.5</b>	<b>830.4</b>	<b>625.2</b>	<b>1,482.9</b>
<b>Total equity and liabilities</b> .....	<b>1,569.8</b>	<b>1,177.3</b>	<b>993.8</b>	<b>1,965.3</b>

## Selected Consolidated Statements of Cash Flows data of Integer Group

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless otherwise stated)				
Net cash generated from (used in) operating activities .....	292.8	(18.9)	(43.8)	516.5	190.6
Net cash used in investing activities .....	(286.9)	(120.0)	(100.3)	(372.0)	(210.9)
Net cash generated from financing activities .....	46.3	73.3	247.7	(155.3)	93.4
<b>Net increase/(decrease) in cash and cash equivalents...</b>	<b>52.2</b>	<b>(65.6)</b>	<b>103.6</b>	<b>(10.9)</b>	<b>73.1</b>
Cash and cash equivalents at 1 January .....	61.5	127.5	23.9	113.0	61.5
Effect of movements in exchange rates on cash held .....	(0.7)	(0.4)	—	0.7	(0.3)
<b>Cash and cash equivalents at 30 September / 31 December (Q3 / FY) .....</b>	<b>113.0</b>	<b>61.5</b>	<b>127.5</b>	<b>102.8</b>	<b>134.3</b>

## Selected Statement of Financial Position data of the Company

	As at 6 November 2020
	(in millions EUR)
Total assets .....	0.03
Total capital, reserves and liabilities .....	0.03

## Non-IFRS Financial Measures with respect to the Integer Group

The table below presents certain financial measures on a consolidated basis, for the nine months ended 30 September 2020 and 2019, and for the years ended 31 December 2019, 2018 and 2017. Although certain of this data has been extracted or derived from the Financial Statements contained in this Prospectus, this data, nor assumptions underlying this data, have not been audited or reviewed by the independent statutory auditors. These non-IFRS financial measures are not recognised measures of financial performance, financial condition or liquidity under IFRS, but are measures used by management to monitor the underlying performance of the Group's business and operations. These non-IFRS financial measures may not be indicative of the historical operating results of the Integer Group, nor are such measures meant to be predictive of the future results of the Group. These non-IFRS financial measures are presented because the Group considers them an important supplemental measure of its performance and believes that they and similar measures are widely used in the industry in which the Group operates as a means of evaluating a company's operating performance and liquidity. However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Prospectus and they should not be considered as a substitute for profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS. See "Important Information – Non-IFRS Financial Measures".

	As at or for the year ended 31 December			As at or for the nine months ended on 30 September	
	2019	2018	2017	2020	2019
(in PLN millions, unless indicated otherwise)					
Operating EBITDA <sup>(1)</sup>	350.1	109.7	18.4	635.6	230.0
Operating EBITDA Margin <sup>(2)</sup>	28.2%	14.9%	3.7%	37.9%	27.4%
Gross Profit <sup>(3)</sup>	552.7	279.0	140.8	859.0	371.7
Gross Profit Margin <sup>(4)</sup>	44.5%	37.9%	28.3%	51.2%	44.3%
Net Working Capital <sup>(5)</sup>	9.4	12.4	(42.9)	(28.9)	—
Capital Expenditure <sup>(6)</sup>	319.7	135.7	153.9	393.0	215.4
Free Cash Flow <sup>(7)</sup>	34.9	(115.6)	(85.5)	254.5	(7.4)
Free Cash Flow From Operations <sup>(8)</sup>	354.6	20.1	68.4	647.4	208.0
Cash Conversion <sup>(9)</sup>	10.0%	(105.4%)	(464.7%)	40.0%	(3.2%)
Revenue per APM Parcel in Poland <sup>(10)</sup> (actual number) ..	7.5	7.4	7.3	7.3	7.5
Revenue per To-Door Parcel in Poland <sup>(11)</sup> (actual number)	10.4	9.8	9.4	10.6	10.4
Direct Cost per Parcel in Poland <sup>(12)</sup> (actual number).....	4.7	5.3	5.8	3.9	4.7
General Costs per Parcel in Poland <sup>(13)</sup> (actual number)....	1.3	1.8	1.9	1.0	1.2
Gross Profit per Parcel in Poland <sup>(14)</sup> (actual number).....	3.7	3.0	2.3	4.1	3.7
Net Leverage <sup>(15)</sup>	2.2	5.0	11.2	1.2	—
Maintenance Capex Poland <sup>(16)</sup>	7.0	10.1	—	12.3	5.3
APM Development Capex Poland <sup>(17)</sup>	233.1	67.9	100.4	283.2	173.7
Operational Development Capex Poland <sup>(18)</sup>	77.1	57.7	53.5	82.6	35.2
International Capex <sup>(19)</sup>	2.5	—	—	14.9	1.2
Changes in Working Capital <sup>(20)</sup>	4.5	(89.6)	50.0	11.8	(22.0)

- (1) “**Operating EBITDA**” for a period is defined as net profit (loss) adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of organised part of an enterprise, share of profits of equity-accounted investees, finance costs, finance income and depreciation and amortisation for that period, no adjustments are made to Operating EBITDA for unusual or non-recurring item.
- (2) “**Operating EBITDA Margin**” for a period is defined as Operating EBITDA for that period as a percentage of revenue and other operating income for that period.
- (3) “**Gross Profit**” for a period is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of organised part of an enterprise, share of profits of equity-accounted investees, finance costs, finance income, depreciation and amortisation and general costs for that period.
- (4) “**Gross Profit Margin**” for a period is defined as Gross Profit for that period as a percentage of revenue and other operating income for that period.
- (5) “**Net Working Capital**” the sum of inventories, trade and other receivables, other current assets and non-current other receivables minus trade and other payables, employee benefits and provisions (current), other liabilities (current and non-current liabilities).
- (6) “**Capital Expenditure**” is defined as purchases of property, plant, equipment and purchases of intangible assets as well as the cost of internal resources (mostly labour) spent to create such tangible or intangible assets as presented in the consolidated statement of cash flows.
- (7) “**Free Cash Flow**” is defined as Operating EBITDA adjusted for Changes in Working Capital, Maintenance Capex Poland, APM Development Capex Poland, Operational Development Capex Poland and International Capex.
- (8) “**Free Cash Flow From Operations**” is defined as Operating EBITDA adjusted for Changes in Working Capital.
- (9) “**Cash Conversion**” is defined as Free Cash Flow divided by Operating EBITDA.
- (10) “**Revenue per APM Parcel in Poland**” for a period is defined as the revenue generated via the Group’s APM segment in Poland divided by APM parcel volume for that period.
- (11) “**Revenue per To-Door Parcel in Poland**” for a period is defined as the revenue generated via Integer Group’s to-door segment in Poland divided by the number of parcels handled via Integer Group’s to-door segment in Poland for that period.
- (12) “**Direct Cost per Parcel in Poland**” for a period is defined as direct costs divided by the number of parcels handled in Integer Group’s APM and to-door segment in Poland for that period.
- (13) “**General Costs per Parcel in Poland**” for a period is defined as general costs divided by the number of parcels handled in Integer Group’s APM and to-door segment in Poland for that period.
- (14) “**Gross Profit per Parcel in Poland**” for a period is defined as Gross Profit for Integer Group’s APM and to-door segment in Poland divided by the number of parcels handled in Integer Group’s APM and to-door segment in Poland for that period.
- (15) “**Net Leverage**” for a period is defined as the sum of loans and borrowings and other financial liabilities minus cash and cash equivalents (“Net Financial Debt”) divided by Operating EBITDA. Operating EBITDA for the twelve months ended 30 September 2020 is calculated as follows: Operating EBITDA for the nine months ended 30 September 2020 plus Operating EBITDA for the year ended 31 December 2019 minus Operating EBITDA for the nine months ended 30 September 2019.
- (16) “**Maintenance Capex Poland**” is defined as purchases of property, plant and equipment for the Polish market in order to replace existing IT or logistics equipment or add new IT or logistics equipment for existing branches or sorting departments. It includes also purchases of property, plant and equipment for our APM production factory.
- (17) “**APM Development Capex Poland**” is defined as purchases of property, plant and equipment for the Polish market relating to the roll-out of new APMs and the expansion of APMs at existing locations in Poland.
- (18) “**Operational Development Capex Poland**” is defined as purchases of property, plant, equipment and purchases of intangible assets for the Polish market in relation to the operational development of the Integer Group such as investments in sorting lines, equipment and IT in Poland.
- (19) “**International Capex**” is defined as purchases of property, plant, equipment and purchases of intangible assets on other markets than in Poland i.e. UK and Italy.
- (20) “**Changes in Working Capital**” is defined as the line item ‘changes in working capital’ presented in the consolidated statement of cash flows of the Integer Group.



### ***Operating EBITDA and Operating EBITDA Margin***

The following table sets out the reconciliation of Operating EBITDA and Operating EBITDA per geographic area to net profit (loss) on a consolidated basis for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Net profit (loss)</b> .....	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>
(Profit) / loss from discontinued operations.....	3.2	15.1	102.2	1.2	(4.2)
<b>Profit (loss) from continuing operations</b> .....	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Income tax expense (benefit).....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) before tax</b> .....	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Share of profits of equity-accounted investees .....	—	—	(0.6)	—	—
Profit on sales of organised part of an enterprise.....	—	—	—	(1.9)	—
Finance costs.....	62.8	54.4	46.7	116.5	48.7
Finance income.....	(20.9)	(2.5)	(8.2)	(0.1)	(5.2)
<b>Operating profit (loss)</b> .....	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Depreciation and amortisation.....	221.5	146.4	83.6	242.9	147.3
<b>Operating EBITDA</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>
/ Revenue and other operating income .....	1,242.6	736.8	497.1	1,677.0	839.2
<b>Operating EBITDA Margin</b> .....	<b>28.2%</b>	<b>14.9%</b>	<b>3.7%</b>	<b>37.9%</b>	<b>27.4%</b>
<b>Operating EBITDA per geographic area</b> .....					
Poland .....	375.6	134.7	53.7	665.3	258.8
International .....	(25.5)	(25.0)	(35.3)	(29.7)	(28.8)
<b>Total</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>

### Gross Profit and Gross Profit margin

The following table sets out the reconciliation of Gross Profit, Gross Profit per geographic area and Gross Profit per segment to net profit (loss) on a consolidated basis for the periods indicated.

	Year ended 31 December			Nine months ended on 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Net profit (loss)</b> .....	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>
(Profit) loss from discontinued operations.....	3.2	15.1	102.2	1.2	(4.2)
<b>Profit (loss) from continuing operations</b> .....	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Income tax expense (benefit).....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) before tax</b> .....	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Share of profits of equity-accounted investees .....	—	—	(0.6)	—	—
Profit on sales of organised part of an enterprise.....	—	—	—	(1.9)	—
Finance costs.....	62.8	54.4	46.7	116.5	48.7
Finance income.....	(20.9)	(2.5)	(8.2)	(0.1)	(5.2)
<b>Operating profit (loss)</b> .....	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Depreciation and amortisation.....	221.5	146.4	83.6	242.9	147.3
<b>Operating EBITDA</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>
General costs.....	202.6	169.4	122.4	223.4	141.7
– Sales & Marketing .....	44.5	30.2	25.9	50.1	30.5
– Call Centre.....	17.6	9.9	8.9	21.1	12.0
– IT Maintenance.....	15.7	9.3	3.2	15.1	10.7
– Other general costs.....	124.7	120.0	84.4	137.1	88.5
<b>Gross Profit</b> .....	<b>552.7</b>	<b>279.0</b>	<b>140.8</b>	<b>859.0</b>	<b>371.7</b>
/ Revenue and Other operating income .....	1,242.6	736.8	497.1	1,677.0	839.2
<b>Gross Profit margin</b> .....	<b>44.5%</b>	<b>37.9%</b>	<b>28.3%</b>	<b>51.2%</b>	<b>44.3%</b>
<b>Gross Profit per geographic area and segment</b> .....					
Poland .....	560.1	285.5	157.4	864.8	376.6
– APM segment .....	418.9	205.3	110.1	688.2	277.3
– To-door segment.....	106.6	42.5	13.4	141.9	73.5
– Other.....	50.2	81.2	48.3	35.9	25.8
– Inter-segment elimination.....	(15.6)	(43.5)	(14.4)	(1.2)	0.0
International .....	(7.4)	(6.5)	(16.6)	(5.8)	(4.9)
<b>Total</b> .....	<b>552.7</b>	<b>279.0</b>	<b>140.8</b>	<b>859.0</b>	<b>371.7</b>

### Free Cash Flow and Cash Conversion

The following table sets out the reconciliation of Free Cash Flow and Cash Conversion to net profit (loss) on a consolidated basis for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Net profit (loss)</b> .....	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>
(Profit) loss from discontinued operations.....	3.2	15.1	102.2	1.2	(4.2)
<b>Profit (loss) from continuing operations</b> .....	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Income tax expense (benefit).....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) before tax</b> .....	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Share of profits of equity-accounted investees .....	—	—	(0.6)	—	—
Profit on sales of organised part of an enterprise.....	—	—	—	(1.9)	—
Finance costs.....	62.8	54.4	46.7	116.5	48.7
Finance income.....	(20.9)	(2.5)	(8.2)	(0.1)	(5.2)
<b>Operating profit (loss)</b> .....	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Depreciation and amortisation.....	221.5	146.4	83.6	242.9	147.3
<b>Operating EBITDA</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>
Changes in Working Capital .....	4.5	(89.6)	50.0	11.8	(22.0)
<b>Free Cash Flow From Operations</b> .....	<b>354.6</b>	<b>20.1</b>	<b>68.4</b>	<b>647.4</b>	<b>208.0</b>
Maintenance Capex Poland.....	7.0	10.1	—	12.3	5.3
<b>Free cash flow before Poland expansion capex</b> .....	<b>347.6</b>	<b>10.0</b>	<b>68.4</b>	<b>635.1</b>	<b>202.7</b>
APM Development Capex Poland.....	233.1	67.9	100.4	283.2	173.7
Operational Development Capex Poland.....	77.1	57.7	53.5	82.6	35.2
<b>Free cash flow before international capex</b> .....	<b>37.4</b>	<b>(115.6)</b>	<b>(85.5)</b>	<b>269.3</b>	<b>(6.2)</b>
International Capex.....	2.5	—	—	14.9	1.2
<b>Free Cash Flow</b> .....	<b>34.9</b>	<b>(115.6)</b>	<b>(85.5)</b>	<b>254.5</b>	<b>(7.4)</b>
/ Operating EBITDA .....	350.1	109.7	18.4	635.6	230.0
<b>Cash Conversion</b> .....	<b>10.0%</b>	<b>(105.4%)</b>	<b>(464.7%)</b>	<b>40.0%</b>	<b>(3.2%)</b>

### Net Working Capital

The following table sets out the reconciliation of Net Working Capital to the statement of financial position of the Integer Group as of the dates indicated.

	As at 31 December			As at 30 September
	2019	2018	2017	2020
	(in PLN millions)			
Other receivables (non-current).....	3.2	5.9	6.3	2.5
Inventory .....	2.2	2.2	2.0	5.1
Trade and other receivables.....	215.8	180.1	155.5	290.5
Other assets (current).....	28.6	22.9	38.6	77.0
Other liabilities (non-current) .....	—	(0.1)	(0.2)	—
Trade and other payables.....	(191.3)	(162.3)	(203.5)	(248.5)
Employee benefits and provisions (current).....	(18.8)	(15.9)	(21.1)	(31.1)
Other liabilities (current) .....	(30.3)	(20.4)	(20.5)	(124.4)
<b>Net Working Capital</b> .....	<b>9.4</b>	<b>12.4</b>	<b>(42.9)</b>	<b>(28.9)</b>

### Net Leverage

The following table sets out the reconciliation of Net Leverage to line items from the statement of financial position of the Integer Group as of the dates indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
(in PLN millions, unless indicated otherwise)					
<b>Non-current liabilities</b>					
Loans and borrowings .....	613.3	398.3	196.7	690.8	634.8
Other financial liabilities .....	124.4	79.2	58.1	157.2	87.9
<b>Current liabilities</b>					
Loans and borrowings .....	4.9	39.7	58.2	24.4	—
Other financial liabilities .....	152.3	90.0	21.1	153.2	110.4
<b>Total debt</b> .....	<b>894.9</b>	<b>607.2</b>	<b>334.1</b>	<b>1,025.6</b>	<b>833.1</b>
Cash and cash equivalents .....	(113.0)	(61.5)	(127.5)	(102.8)	(134.3)
<b>Net Financial Debt</b> .....	<b>781.9</b>	<b>545.7</b>	<b>206.6</b>	<b>922.8</b>	<b>698.8</b>
/ Operating EBITDA <sup>(1)</sup> .....	350.1	109.7	18.4	755.7	—
<b>Net Leverage</b> .....	<b>2.2</b>	<b>5.0</b>	<b>11.2</b>	<b>1.2</b>	<b>—</b>

(1) Net Leverage for the nine months ended 30 September 2020 (1.2) is calculated by using the Operating EBITDA of the twelve months ended 30 September 2020 (PLN 755.7 million).

### Certain Geographical Information

The following table sets forth certain key metrics per geographic area for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
(in PLN millions, unless indicated otherwise)					
<b>Revenue and other operating income <sup>(1)</sup></b>					
Poland .....	1,235.6	729.2	489.2	1,667.4	833.8
International .....	7.0	7.7	7.9	9.6	5.4
<b>Total</b> .....	<b>1,242.6</b>	<b>736.8</b>	<b>497.1</b>	<b>1,677.0</b>	<b>839.2</b>

(1) Revenue and other operating income are combined on a segment level in order to be able to reconcile to operating profit on a segment level by deducting all costs.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Unaudited *Pro Forma* Financial Information (as defined below) of the Company comprising an unaudited *pro forma* statement of financial position of the Company as of 30 September 2020 has been prepared on the basis of the notes set out below. The *pro forma* financial information of the Company illustrates the impact of (i) the reorganisation of the Group through incorporation of the Company and the transfer of entire capital interest in Integer.pl to the Company in a share-for-share exchange transaction; (ii) the assumption of new indebtedness by the Company and repayment of the existing facilities of the Integer Group to Bidco and external lenders (as described in “*Operating and Financial Review – Indebtedness*”) as well as a repayment of share premium by the Company to Bidco, to be made on or around Admission (as described in “*Selling Shareholders and Related Party Transactions – Reorganisation*”) and together, the “**Reorganisation and Refinancing Transactions**”), as if the Reorganisation and Refinancing Transactions had taken place on 30 September 2020 (the “**Unaudited Pro Forma Financial Information**”). Please note that the hypothetical financial position or results included in the Unaudited *Pro Forma* Financial Information may differ from the Company’s actual financial position or results.

The Reorganisation and Refinancing Transactions will not affect operational results of the Group and therefore no *pro forma* income statement for any period was presented and the information on the on-going effect of interest charges is provided in note 4 included below.

The Unaudited *Pro Forma* Financial Information has been prepared for inclusion in this Prospectus to comply with Commission Delegated Regulation (EU) 2019/980 and for no other purposes. The Unaudited *Pro Forma* Financial Information has been prepared in accordance with the principles described in the Commission Delegated Regulation (EU) 2019/980 and the related guidance issued by the European Securities and Markets Authority (“**ESMA**”). The Unaudited *Pro Forma* Financial Information presented in this Prospectus has not been prepared in accordance with the requirements of Regulation S-X of the United States of America (U.S.) Securities and Exchange Commission (SEC) or practices generally accepted in the U.S.

The Unaudited *Pro Forma* Financial Information has not been audited, however, it has been reported on in accordance with ISAE 3420 (Assurance Engagements to Report on the compilation of *Pro Forma* Financial Information included in a Prospectus) by PwC Luxembourg, as indicated in their report included herein.

The Unaudited *Pro Forma* Financial Information has been prepared in accordance with the accounting policies to be adopted by the Company and adopted by Integer.pl and described in (i) the Interim Financial Statements, which have been reviewed by PwC Poland (ii) the 2017-2019 Financial Statements, which have been audited by KPMG (iii) the Company Financial Information, which has been audited by PwC Luxembourg and (iv) the notes set out below.

The Unaudited *Pro Forma* Financial Information reflects the application of *pro forma* adjustments that are based upon available information and assumptions which the Company believes are reasonable under the given circumstances. The Unaudited *Pro Forma* Financial Information has been prepared by the Company and should not be considered indicative of the actual financial position that would have been achieved had the Reorganisation and Refinancing Transactions been consummated on the date indicated nor it is meant to be indicative of any anticipated financial position. The Unaudited *Pro Forma* Financial Information has been prepared for illustrative purposes only. Because of its nature, the Unaudited *Pro Forma* Financial Information addresses a hypothetical situation and therefore, does not represent the actual or future financial position of the Group. Neither the assumptions underlying the preparation of the Unaudited *Pro Forma* Financial Information nor the resulting Unaudited *Pro Forma* Financial Information have been audited or reviewed in accordance with any generally accepted auditing standards. The Unaudited *Pro Forma* Financial Information does not constitute financial statements within the meaning of the Luxembourg law of 19 December 2002, as amended.

The Unaudited *Pro Forma* Financial Information should be read in conjunction with the information contained in “*Selected Consolidated Financial Data*,” “*Operating and Financial Review*,” and the Financial Statements included elsewhere in this Prospectus.

Rounding adjustments to the nearest one decimal place have been made, therefore, figures shown as total may not be the exact arithmetic aggregation of the figures that precede them.

Investors should read the Prospectus as whole and not rely solely on the selected financial information contained in this section.



# Unaudited *pro forma* statement of financial position as of 30 September 2020

PLN in million	Integer Group Actual <sup>(1)</sup>	Company Actual	Pro Forma Adjustments		Unaudited Pro Forma Financial Information of the Company
			Share for share exchange	Refinancing transactions	
	Note 1	Note 2	Note 3	Note 4	
<b>Assets</b> .....					
Property, plant and equipment.....	1,272.7	—	—	—	1,272.7
Intangible assets.....	131.2	—	—	—	131.2
Deferred tax assets.....	80.4	—	—	—	80.4
Other non-current assets.....	3.3	—	—	—	3.3
<b>Total non-current assets</b> .....	<b>1,487.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,487.6</b>
Trade and other receivables.....	290.5	—	—	—	290.5
Cash and cash equivalents.....	102.8	0.1	—	0.0	102.9
Other current assets.....	84.4	—	—	—	84.4
<b>Total current assets</b> .....	<b>477.7</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>477.8</b>
<b>Total assets</b> .....	<b>1,965.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1,965.4</b>
<b>Equity</b> .....					
Share capital of Integer Group.....	17.6	—	(17.6)	—	0.0
Supplementary capital of Integer Group (agio) ..	976.7	—	(976.7)	—	0.0
Share capital of the Company.....	—	0.1	22.5	—	22.6
Supplementary capital of the Company (agio) ...	—	—	33,718.0	(1,241.2)	32,476.8
Reorganisation reserve.....	—	—	32,746.2	—	32,746.2
Retained earnings and other equity.....	(511.9)	(0.1)	—	(18.7)	(530.7)
<b>Total equity</b> .....	<b>482.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(1,259.9)</b>	<b>(777.5)</b>
<b>Liabilities</b> .....					
Long term debt.....	690.8	—	—	1,271.4	1,962.2
Other financial liabilities.....	157.2	—	—	—	157.2
Other non-current liabilities.....	33.3	—	—	—	33.3
<b>Total non-current liabilities</b> .....	<b>881.3</b>	<b>0.0</b>	<b>0.0</b>	<b>1,271.4</b>	<b>2,152.7</b>
Trade and other payables.....	248.5	0.1	—	—	248.6
Short term debt.....	24.4	—	—	(11.5)	12.9
Other financial liabilities.....	153.2	—	—	—	153.2
Other short term liabilities.....	175.5	—	—	—	175.5
<b>Total current liabilities</b> .....	<b>601.6</b>	<b>0.1</b>	<b>0.0</b>	<b>(11.5)</b>	<b>590.2</b>
<b>Total liabilities</b> .....	<b>1,482.9</b>	<b>0.1</b>	<b>0.0</b>	<b>1,259.9</b>	<b>2,742.9</b>
<b>Total equity and liabilities</b> .....	<b>1,965.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1,965.4</b>

- (1) The statement of financial position of Integer Group as at 30 September 2020 has been derived from the Interim Financial Statements.
- (2) The statement of financial position of the Company has been derived by extracting, without making any material adjustments, certain line items from the Company Financial Statements. The Company was established on 6 November 2020. Upon the establishment, the Company issued 3,100,000 shares to AI Prime with a nominal value of EUR 0.01 per share, resulting in an issued and outstanding share capital of EUR 31,000, which, converted to PLN using the exchange rate of PLN 4.5268 per EUR 1, results in a share capital and cash increase of PLN 140,331.
- (3) The purpose of this adjustment is to illustrate the accounting effects of the share-for-share exchange on the consolidated statement of financial position of the Group. As described in section “*Selling Shareholders and Related Party Transactions – Reorganisation*” of the Prospectus, the Company will issue on or around Admission 496,900,000 shares at a nominal value of EUR 0.01 per share and the issue price of EUR 15.0 per share (assuming Offer Price at mid-range). These amounts, converted to PLN at the rate of PLN 4.5268 per EUR 1 amount to PLN 22.5 million and PLN 33,740.5 million, respectively. The adjustments to share capital and share premium reflect the Company acquiring all of the outstanding shares in the capital of Integer.pl post-reorganisation.
- Under IFRS, the share-for-share exchange is treated as a transaction under common control which does not affect measurement of assets or liabilities and the enlarged Group is in substance treated as the continuation of Integer Group. Consequently, the reorganisation adjustment of PLN 32,746.2 million represents the adjustment necessary to arrive to the same amount of net assets prior and after the reorganisation, taking into account: (i) the elimination of the share capital and share premium of Integer.pl amounting to PLN 17.6 million and PLN 976.7 million, respectively; (ii) the nominal value of the Company's share capital in the amount of PLN 22.5 million and the Company's share premium of PLN 33,718.0 million; and (iii) negative retained earnings and other equity of Integer Group immediately before the share-for-share exchange in the amount of PLN (511.9) million. The actual amount of this adjustment will differ from the one illustrated above and will depend on the value of net assets and retained earnings of Integer Group immediately prior to the share-for-share exchange.

For standalone purposes, the Company will use Luxembourg generally accepted accounting principles, therefore following the share-for-share exchange: (i) its share capital and share premium will equal to PLN 33,740.5 million; (ii) retained earnings will equal to nil. Following the supplementary capital redemption as described in Note (4) below, the share premium amount will be reduced by PLN (1,241.2) million.

Concurrently with the transfer of the ownership of Integer.pl, there will be a transfer of the ownership of InPost Technology S.à r.l., as described under “*Selling Shareholders and Related Party Transactions – Reorganisation*”. Given that InPost Technology S.à r.l.’s total assets amounted to PLN 24.8 million as of 30 September 2020 and total liabilities amounted to PLN 4.2 million as of 30 September 2020, and for the period from 23 July until 30 September 2020, the revenues generated by InPost Technology S.à r.l. was PLN 10.6 million, and net profit was PLN 0.9 million, the Company determined that such transaction has no material effect on the Group’s financial position and therefore this had not been reflected in the unaudited *pro forma* statement of financial position.

- (4) The purpose of this adjustment is to illustrate the accounting effects of the Reorganisation and Refinancing Transactions, including distributions to shareholders. As described in section “*Selling Shareholders and Related Party Transactions – Reorganisation*” of the Prospectus, the Company will incur new debt in the amount of PLN 1,950.0 million. The borrowed funds will be used partially to refinance existing facilities as well as a repayment of share premium to existing shareholders (see “*Selling Shareholders and Related Party Transactions – Reorganisation*”). The adjustments are as follows:

PLN in millions	Cash	Long term debt	Short term debt	Supplementary capital	Retained earnings
New debt incurred .....	1,950.0	1,950.0	—	—	—
Debt issuance costs .....	(20.3)	(20.3)	—	—	—
Acceleration of amortised cost* .....	0.0	18.7	—	—	(18.7)
Repayment of existing debt of Integer Group .....	(688.6)	(677.1)	(11.5)	—	—
Repayment of share premium to shareholders** .....	(1,241.2)	—	—	(1,241.2)	—
<b>Total impact .....</b>	<b>0.0</b>	<b>1,271.4</b>	<b>(11.5)</b>	<b>(1,241.2)</b>	<b>(18.7)</b>

\* In connection with the early repayment of the existing facilities, the Integer Group will incur charges of PLN 18.7 million resulting from accelerated debt amortisation costs.

\*\* The entire proceeds of such repayment will be used by shareholders to repay part of the debt outstanding under the Existing Senior Facilities Agreement (see “*Selling Shareholders and Related Party Transactions – Reorganisation*”).

- (5) The new debt will bear interests which will impact the Group’s financial results going forward. The interest charge will be floating and will be based on benchmark rate and margin (which depends on total net leverage ratio – for details, see “*Operating and Financial Review – Indebtedness*”). Assuming expected total net leverage ratio and prevailing reference rates as at the date of this Prospectus, we estimated that the annual interest cash charge will amount to PLN 45 million (for the loan of PLN 1,950 million and assuming average usage of the New RCF at the level of PLN 50 million annually), while the total annual interest costs (including debt issuance costs amortisation and charge for unutilised RCF) will amount to PLN 54 million. This compares to the costs of existing debt of PLN 670 million which amounted to PLN 42.7 million and PLN 45.5 million for the year ended 31 December 2019 and for nine months ended 30 September 2020, respectively. The actual effective interest rate and the resulting amount of interests may be different from calculated above as ultimately they will depend on WIBOR and the Group’s leverage (see “*Operating and Financial Review – Indebtedness – Banking Facilities*”).

Additionally the Company is expecting one-off costs related to the refinancing in the amount of c.a. PLN 18.7 million which will comprise of amortisation of current debt.



**Independent assurance report from the “Réviseur d’entreprises agréé” on the compilation of unaudited pro forma financial information included in a prospectus**

To the Board of Directors of  
**InPost S.A.**

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We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of InPost S.A. (the “Company”) by the Company’s Board of Directors. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position of the Company as of 30 September 2020 and related notes as set out on Pages 61 to 63 of the prospectus issued by the Company in relation to the offering of shares of the Company to be listed and admitted to trading to the regulated market operated by Euronext Amsterdam (the “Prospectus”). The applicable criteria on the basis of which the Company’s Board of Directors has compiled the unaudited pro forma financial information are specified in Item 18.4 of Annex 1 and Item 1.1 to Item 2.3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980, relating to information contained in prospectuses (the “Regulation”), and described in the notes to the unaudited pro forma financial information (the “Applicable Criteria”).

The unaudited pro forma financial information has been compiled by the Company’s Board of Directors to illustrate the impacts of (i) the reorganisation through incorporation of the Company and transfer of the entire capital interest in Integer.pl S.A. to the Company in a share-for-share exchange transaction; (ii) the assumption of new indebtedness by the Company and repayment of the existing facilities of the Integer Group to AI Prime (Luxembourg) Bidco S.à r.l. (Bidco) and external lenders as well as a repayment of share premium by the Company to Bidco, to be made on or about admission (together, the “Reorganisation and Refinancing Transactions”), as if the Reorganization and the Refinancing Transactions had taken place on 30 September 2020. As part of this process, information about the Company’s statement of financial position has been extracted by the Company’s Board of Directors from the Company’s financial information as at 6 November 2020, on which an audit report has been published and the information about the statement of financial position of Integer.pl S.A. has been extracted by the Company’s Board of Directors from the unaudited interim condensed consolidated financial information of Integer.pl S.A. as at 30 September 2020, on which a review report has been published.

*Responsibility of the Company’s Board of Directors for the unaudited pro forma financial information*

The Board of Directors is responsible for compiling the unaudited pro forma financial information on the basis of the Applicable Criteria.

*Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg  
T : +352 494848 1, F : +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518



We apply International Standard on Quality Control 1, as adopted for Luxembourg by the CSSF, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Responsibilities of the Réviseur d'entreprises agréé*

Our responsibility is to express an opinion, as required by Item 18.4 of Annex 1 of the Regulation, about whether the unaudited pro forma financial information has been compiled, in all material respects, by the Board of Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board and adopted by the *Institut des Réviseurs d'Entreprises*. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's Board of Directors has compiled, in all material respects, the unaudited pro forma financial information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as of 30 September 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those Applicable Criteria;
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information; and

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the events or transactions in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion:

- the unaudited pro forma financial information has been properly compiled on the basis stated by the Board of Directors; and
- such basis is consistent with the accounting policies of the Company.

*Restriction of use of the report*

This report is required by the Regulation and is provided solely for the purpose of being included in the Prospectus to comply with the requirements of the Regulation and for no other purpose.

The unaudited pro forma financial information of the Company has not been prepared in accordance with the requirements of Regulation S-X of the United States of America (the "US") Securities and Exchange Commission or practices generally accepted in the US. Our procedures on the unaudited pro forma financial information have not been carried out in accordance with auditing standards or other standards and practices generally accepted in the US. Accordingly, our report should not be relied upon as if our procedures had been carried out in accordance with those standards and practices.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 20 January 2021

Electronically signed by:  
Brieuc Malherbe

A handwritten signature in blue ink, appearing to be "BM", written over a faint horizontal line.

Brieuc Malherbe



## OPERATING AND FINANCIAL REVIEW

*The following is a discussion of the results of operations and financial condition of the Integer Group as at and for the nine months ended 30 September 2020 and 2019 and as at and for the years ended 31 December 2019, 2018 and 2017 (collectively, the “periods under discussion”). This discussion should be read in conjunction with the rest of this Prospectus, including the selected historical financial information included in “Selected Consolidated Financial Information” as well as with (i) the Interim Financial Statements included elsewhere in this Prospectus; and (ii) the 2017-2019 Financial Statements included elsewhere in this Prospectus. Prospective investors should read the entire Prospectus and not just rely on the information set out below.*

*The following discussion of the financial condition, results of operations and cash flows of the Integer Group contains forward-looking statements that involve risks and uncertainties. The actual results of the Integer Group could differ materially from those that are discussed in these forward-looking statements. Investors should read “Important Information – Information Regarding Forward-Looking Statements” for a discussion of the risks and uncertainties related to those statements. Investors should also read “Risk Factors” for a discussion of certain factors that may affect the business, financial condition, results of operations and cash flows of Integer Group.*

### Overview

The Group is the leading e-commerce enablement platform in Poland, with growing operations in the UK, providing APM delivery services, to-door delivery services and fulfilment services to e-commerce merchants. During and as at the year ended 31 December 2020, the Integer Group handled 310 million parcel deliveries, had more than 1.5 million lockers installed across its network of 12,254 APMs, had approximately 26,227 integrated merchants and 5.7 million active mobile users on its mobile application. Although historically the Group has primarily handled B2C deliveries, its operations increasingly also involve C2X deliveries.

The Group generates revenue primarily by providing APM delivery services. APMs are units with autonomous parcel lockers that allow for the delivery and receipt of packages. APMs provide consumers with a flexible and convenient delivery option, as they allow pick-up from any locker at any time of day, while the service costs are generally lower than the costs for traditional to-door delivery. Additionally, through the Group’s mobile application ‘InPost Mobile’, consumers can access its parcel lockers in Poland in a fully remote, contactless manner and manage all their parcels, as they automatically appear in the application as soon as they are sent by the merchant. The application also allows individual consumers to access certain services offered by the Group that have product features not offered by other e-commerce delivery providers such as label-less parcel sending via APM. The application is expected to be launched in the UK in 2021. The Group offers next day and weekend delivery, which is crucial for an attractive value proposition in the delivery service, as consumers increasingly wish to receive their parcels as soon as possible after the order has been placed. In the year ended 31 December 2020, Poland had the largest number of APMs in the European Union, while approximately 98% of APMs in Poland were owned and operated by the Integer Group (Source: Company, Market Reports). During the year ended 31 December 2020, the Integer Group handled 247 million parcel deliveries through its APM delivery services, compared to 102 million parcel deliveries over the year ended 31 December 2019. As at 31 December 2020, the Integer Group owned and operated 10,776 APMs with almost 1.5 million lockers across its network in Poland. The Group intends to expand its APM network in Poland in the upcoming years.

In order to ensure that the Group can serve all of its merchants’ delivery needs, it also provides to-door delivery services to e-commerce merchants, where it delivers parcels directly to the home or office address of consumers. During the year ended 31 December 2020, the Integer Group handled almost 61 million parcel deliveries through its to-door delivery services, compared to 40 million parcel deliveries over the year ended 31 December 2019.

The Group generates additional revenue by providing fulfilment services to e-commerce merchants. These services provide merchants with a one-stop-shop solution and enable the Group to offer its merchants later cut-off times. Through the Group’s fulfilment services, it stores, prepares, packages and delivers the products to the consumer and manages product returns. Furthermore, for certain merchants the Group collects the products directly from the manufacturer and transports them to its sorting hubs and depots for further handling, allowing merchants to completely outsource their fulfilment and delivery process and allowing them to focus on generating revenue, rather than managing operations.

## **Basis of presentation**

The Company was incorporated on 6 November 2020 to act as the parent company of the Integer Group and did not have any operational activities during the periods under discussion. Integer.pl, which is a directly wholly owned subsidiary of the Company, has been the parent company of the Integer Group during the periods under discussion (other than with respect to the operations transferred to InPost Technology from July 2020 onwards, as further described in “*Selling Shareholders and Related Party Transactions – Related Party Transactions – InPost Technology S.à r.l.*”). As such, the consolidated financial information of Integer.pl include the results of the Integer Group for the periods under discussion. This Prospectus therefore contains (i) unaudited interim condensed consolidated financial information of Integer.pl as at and for the nine months ended 30 September 2020 and 2019; and (ii) audited historical consolidated financial information of Integer.pl as at and for the years ended 31 December 2019, 2018 and 2017. The interposition of the Company as the parent company of the Integer Group does not affect the Group’s or the Company’s likely future development or activities in the field of research and development. More details on the interposition of the Company as the parent company of the Integer Group is presented in “*Unaudited Pro Forma Financial Information*”.

## **Segmentation**

The internal reporting of the Integer Group is split into three reportable segments comprising two geographical areas.

Segments in Poland:

- APM segment – The APM segment offers APM delivery services through the APM network of the Integer Group in Poland.
- To-door segment – The to-door segment offers to-door delivery courier services in Poland.

Segment outside of Poland:

- International segment – The international segment offers APM delivery services through the APM networks of the Integer Group in certain regions in the UK and Italy.

The segments are based on the structure of internal management reporting of the Integer Group to facilitate decision-making with respect to the allocation of resources and to assess the performance of the operations of Integer Group. The performance of the segments is measured and assessed on the basis of revenue and Gross Profit.

Additionally, the performance of the combined operations is measured and assessed on the basis of Operating EBITDA per geographical area (Poland and International).

## **Key Factors Affecting the Business and Results of Operations of the Integer Group**

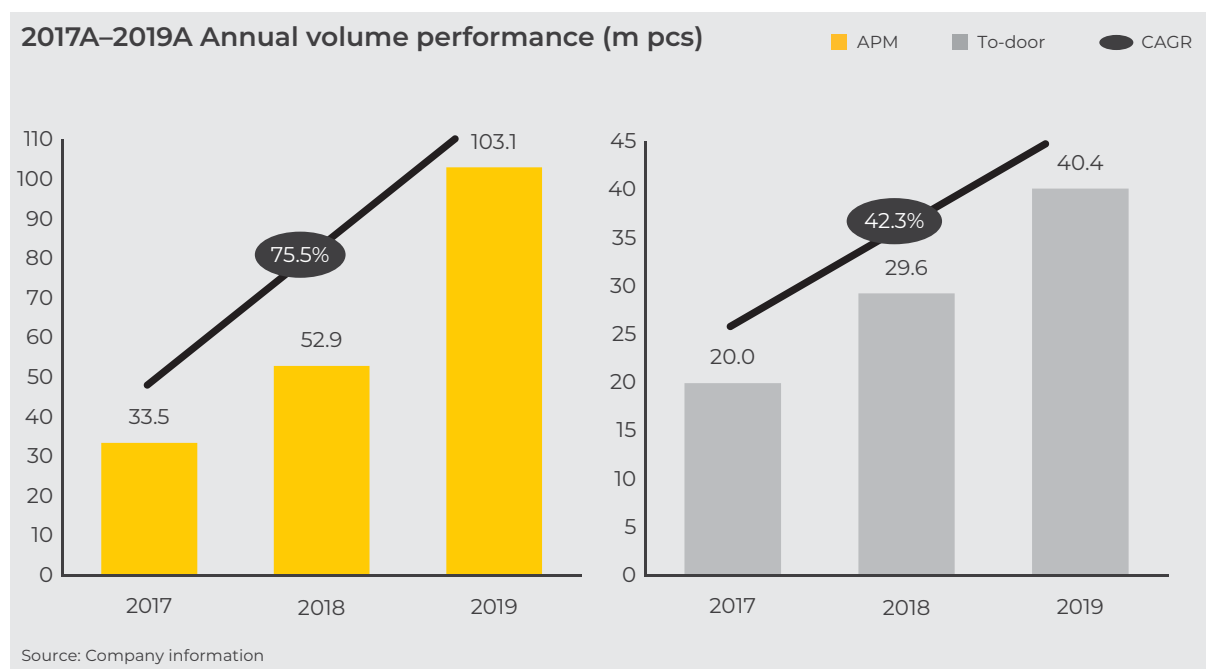
The following factors contributed significantly to the development of the business and results of operations of the Integer Group during the periods under discussion and are reasonably likely to have a material effect on the business and results of operations in the future.

### ***Parcel volumes***

The Integer Group generates the vast majority of its revenue through the fees it collects from merchants for the delivery of parcels through its APM and to-door delivery services, with the fees it obtains on either a per parcel or volume basis, see “– *Pricing*” below. Consequently, the total revenue is to a large extent driven by the number of parcels that the Integer Group delivers. The Integer Group distinguishes the following four important factors driving its parcel volumes: levels of consumer spending and increased e-commerce penetration in the Polish retail market; the expansion and optimisation of its APM network; improving the consumer experience; and the expansion of its merchant base. As a result of these drivers, the number of parcels that the Integer Group handled on an annual basis increased at a compound annual growth rate calculated using the formula:  $(\text{ending value}/\text{beginning value})^{(1/\text{number of years})-1}$  (“CAGR”) of 63.4%, between the year ended 31 December 2017 (53.9 million parcels) and the year ended 31 December 2019 (144.0 million parcels).

The following graph shows the development of parcel volumes in the APM and to-door segments in Poland for the years ended 31 December 2019, 2018 and 2017:

**InPost 2020: Historical CAGR of 75.5% on APM and 42.3% on to-door**



*Levels of consumer spending and increased e-commerce penetration*

The number of parcels that the Integer Group delivers has historically been driven by the overall level of online consumer spending in Poland and the growth of the Polish e-commerce market in general. The overall level of consumer retail spending in Poland has grown annually by approximately 7% from 2015 to 2019. The Polish e-commerce market grew at a 16% CAGR from 2015 to 2019, outpacing the overall Polish retail market growth. The Integer Group believes that increasing e-commerce penetration in Poland is underpinned by a shift in consumer behaviour as a growing number of consumers appears to value the perceived greater variety, convenience and information offered by e-commerce merchants relative to traditional retailers, which is further enabled by improved convenience and lower costs of delivery offered by the Integer Group and its competitors. In addition, consumers increasingly engage with e-commerce through mobile devices, as well as to the more traditional laptops and desktops, resulting in more frequent interaction with e-commerce retailers. These factors are expected to lead to a narrowing gap between e-commerce penetration in Poland and the levels in other developed countries in Europe, North America and Asia. The Integer Group believes that rising levels of discretionary consumer spending, coupled with a trend of increasing e-commerce penetration in Poland has been an important driver of parcel volume and revenue growth during the periods under discussion. See “*Industry – Polish Macro Overview*”, “*Industry – Polish Retail Market Overview*” and “*Industry – Polish E-commerce Market Overview*”.

The general trend of increasing e-commerce penetration in the Polish retail market described above was further accelerated by the COVID-19 pandemic. After the first cases were confirmed in Poland in the beginning of March 2020, the Polish government introduced certain measures to suppress the virus, including the closure of all non-essential physical stores between mid-March and mid-June 2020. Most lockdown measures were lifted over the summer, but a resurgence in COVID-19 cases across Europe led to the introduction of renewed measures in Poland in December 2020, such as the recommendation to leave house only in urgent cases. These lockdown measures, combined with consumers’ health concerns related to visiting physical stores, were in Integer Group’s view key factors for a further shift to online retail in 2020. See “*Industry – Polish E-commerce Market Overview*”. During the COVID-19 lockdown in Poland from mid-March through June, the parcel volumes and the Utilisation Rates (as defined below) of the Integer Group increased substantially compared to the same period of the preceding year and at a faster rate than historical trends. The APM delivery services of the Integer Group accounted for the majority of these growth numbers, which the Integer Group believes to be an indication of increased consumer preference for APM deliveries. Furthermore, the ‘InPost Mobile’ app of the Integer Group enables contactless pick-up of

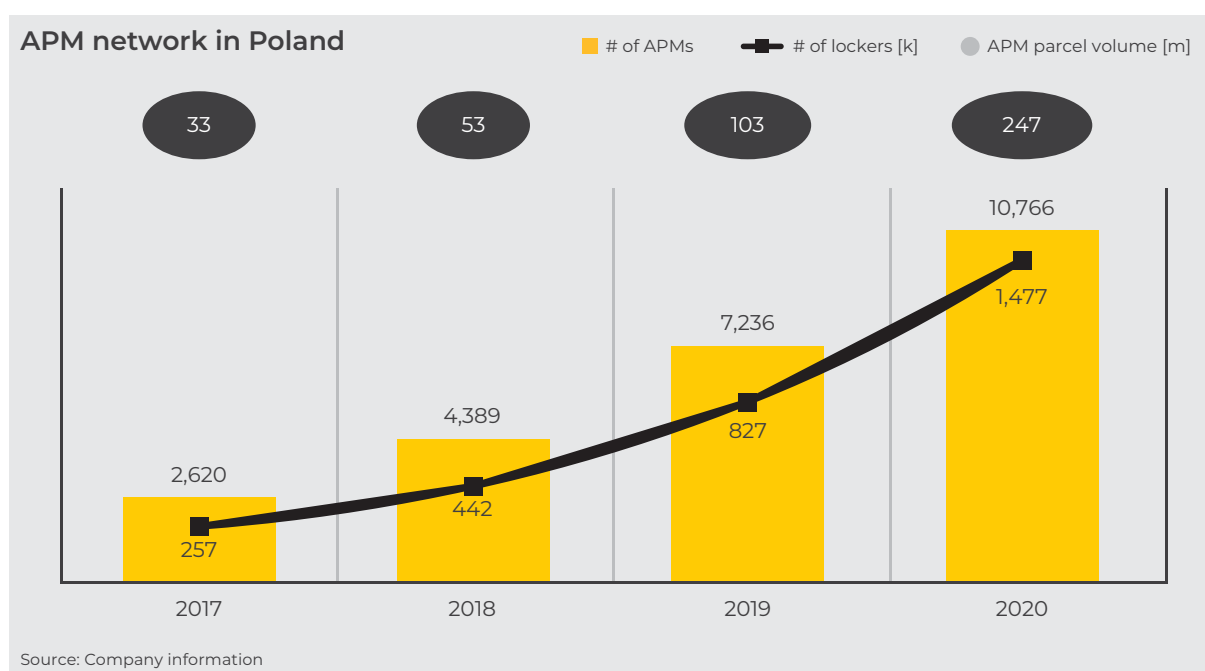
parcels which is more aligned with social distancing rules, relative to other delivery methods such as to-door delivery. During the year ended 31 December 2020, the trend of increasing e-commerce penetration in the Polish retail market accelerated by the COVID-19 pandemic and the related government measures to contain the virus, more than offset the slowdown in overall economic activity in Poland during that period. See “Industry – Polish Macro Overview” and “Industry – Polish E-commerce Market Overview”.

#### *APM network expansion and optimisation*

During the periods under discussion, the Integer Group has increased the coverage of its APM network by opening APMs in new locations and gradually increased capacity of existing APMs by extending the number of lockers at existing APM locations, as well as by improving the throughput of parcels in each locker, which all contributed to a growth in parcel volumes. The Integer Group believes that the APM market share of the wider parcel delivery market has historically been driven by supply, with increases in the number of available APMs at convenient locations driving consumer awareness of, and consumer preferences for, parcel delivery through APMs. As the APM network coverage of the Integer Group has increased and ever-more e-commerce merchants offer the option of APM delivery, the APM parcel delivery services of the Integer Group have become a convenient and efficient delivery option for an increasing number of consumers and, as a result, have become an increasingly important delivery method for e-commerce merchants.

On 31 January 2017, the Integer Group operated 2,182 APMs, comprising 150,728 parcel lockers in Poland. As at 31 December 2020, the Integer Group operated 10,776 APMs, comprising 1,476,581 parcel lockers in Poland, representing a CAGR of 50.3% and 78.9%, respectively, over that period. Parcel volumes in the APM segment of the Integer Group grew from 33.5 million parcels in the year ended 31 December 2017 to 247.2 million in the year ended 31 December 2020, a CAGR of 94.7%.

The following graph shows the development of the APM network of the Integer Group during the periods indicated:



The expansion of the APM network of the Integer Group requires investment. In the nine months ended 30 September 2020, the capital expenditure of the Integer Group was on average PLN 68 thousand per new APM location and typically in the range of PLN 13 thousand to 16 thousand per extension unit at an existing APM (an extension unit typically consists of 30 to 41 new parcel lockers, as compared to an average of 130 lockers for a new APM in the nine months ended 30 September 2020). See “– Capital Expenditure”.

The impact of new APM openings and adding locker capacity to existing APMs on the results of operations of the Integer Group depends on the number of APMs and lockers that are added and the time it takes for such APMs and lockers to reach a sufficiently high utilisation rate (the “Utilisation Rate”). The Integer Group considers an APM to be at 100% utilisation if each locker in the APM is used to deliver one

parcel on each business day of the week (the Integer Group assumes 252 business days per calendar year for calculation purposes). Consequently, the Utilisation Rate can exceed 100%, as a result of lockers being filled with multiple parcels for the same recipient, lockers being filled multiple times per day or lockers being filled during the weekend. As at 30 September 2020, the Integer Group had 9,783 APMs in Poland with an average Utilisation Rate of approximately 80%. As at 30 September 2020, the average annual Gross Profit per APM (for APMs installed in the year ended 31 December 2019) based on a Utilisation Rate of 85% was PLN 123 thousand with an average annual maintenance cost of PLN 1.3 thousand per APM. During the nine month period ending 30 September 2020, the Integer Group installed approximately 2.5 thousand new APMs. Based on data with respect to APMs which were installed in the year ended 31 December 2019, as of 30 September 2020, the Integer Group estimates that, on average, it takes approximately 13 months for a newly opened APM to earn back the capital expenditure related to its opening.

For the periods under discussion, the Integer Group considers an APM to be ‘mature’ when it reaches a Utilisation Rate of 72%. Newly installed APMs and new locker extensions to existing APMs need a certain period of time to ramp-up to a mature Utilisation Rate. As a result, the blended average Utilisation Rate in any given year of the entire APM network lags the average Utilisation Rate of the mature APMs operating in that year since not all newly installed APMs and new locker extensions are fully ramped-up yet. Analysing the fully ramped-up status of the APM network allows the Integer Group to assess future performance and determine the yet unexploited potential of the APM network. APMs installed in the year ended 31 December 2017 (the ‘2017 cohort’) reached mature Utilisation Rates in circa 24 months, the 2018 cohort in circa 17 months and the 2019 cohort in circa 9 months. During the periods under discussion, APMs of the more recently installed cohorts have reached mature Utilisation Rates in shorter periods of time than those of the older cohorts. In addition, the Utilisation Rate reached by APMs of the more recent cohorts twelve and 24 months after their initial installation is also higher than those of the older cohorts.

#### *Improving the consumer experience*

Consumer preferences tend to be an important factor for e-commerce merchants and e-commerce platforms, such as Allegro, when selecting their parcel delivery services providers. The Integer Group believes that if the Integer Group is perceived as the consumers’ parcel delivery service of choice, e-commerce merchants and platforms will be more likely to contract the Integer Group as their parcel delivery services provider in order to meet the preferences of their consumers. Additionally, increasing consumers’ preference for the services of the Integer Group is expected to lead to an increased share of checkout (the share of the Integer Group of the total number of parcel deliveries) from the existing merchant base of Integer Group. Consumer preference can therefore be an important driver of growth of Integer Group’s merchant base, which in turn has had and is expected to continue to have a positive effect on parcel volumes and revenue. The Integer Group believes that e-commerce consumer preferences in the Polish market for its APM delivery services are evidenced by the outcome of a consumer survey that has been conducted by a third party market researcher between 17 June 2020 and 3 August 2020 to assess consumer experiences by determining a net promoter score, calculated as (number of promoters – number of detractors) divided by total respondents for the brand (the “**Net Promoter Score**”). The APM delivery services of the Integer Group in Poland received a Net Promoter Score of 71%, which is significantly higher than the Net Promoter Score of other parcel delivery service providers in Poland (which had an average Net Promoter Score of 13% in the same survey). See “*Industry – Competitive Landscape*”. The Integer Group remains committed to continuously improve the consumer experience of its delivery services. These efforts consist of, among other things, (i) improving the quality, convenience and coverage of the APM network of Integer Group; (ii) improving the functionality and user-friendliness of the mobile application ‘InPost Mobile’ of Integer Group; (iii) the reliability and quality of Integer Group’s next-day delivery service; and (iv) developing and rolling out new services such as weekend delivery to APMs, label-less returns and fast delivery of online purchases for grocery stores (e-grocery). The Integer Group believes that the investments made in these types of initiatives contributed to the growth of its parcel volumes and revenue during the periods under discussion.

#### *Merchant base*

Parcel volumes are also driven by the number of merchants with whom the Integer Group does business and Integer Group’s share of the overall delivery volumes of such merchants. Consequently, Integer Group’s ability to contract new merchants, retain and renew existing contracts as well as its ability to increase the number of parcels that it handles for its contracted merchants, in each case on favourable economic terms, are key drivers for the development of Integer Group’s business. The Integer Group categorises its merchant base as follows: (i) telesales customers (“**TLS**”) merchants – generating up to



PLN 2,000 revenue on average per month; (ii) small and medium-sized enterprise (“SME”) merchants – generating PLN 2,000 – 5,000 revenue on average per month; (iii) large merchants – generating PLN 5,000 – 20,000 revenue on average per month; (iv) key merchants – generating PLN 20,000 – 50,000 revenue on average per month; and (v) strategic merchants – generating on average in excess of PLN 50,000 revenue per month. The Integer Group re-assesses its merchant base every six months, taking into account the last twelve months revenue of each merchant.

As Integer Group’s business has evolved and grown, its merchant base has evolved as well with large, key and strategic merchants representing an increasingly important part of its business and becoming responsible for an ever-larger part of its total parcel volumes. Large, key and strategic merchants typically tend to provide more durable and stable revenue based on long-term contracts. During the nine months ended 30 September 2020, the top 10 merchants of the Integer Group (excluding Allegro) represented 7.5% of its revenue and during the nine months ended 30 September 2019 the top 10 merchants of the Integer Group (excluding Allegro) represented 7.0% of its revenue. As at 31 December 2017, the merchant base of the Integer Group comprised 9.0 thousand companies generating a total parcel volume of 43.8 million during the year. As at 31 December 2020, the merchant base of the Integer Group comprised 26.2 thousand companies generating a total parcel volume of 307.8 million during the year, representing a CAGR of 42.8% and 92.5%, respectively, over the period.

Integer Group’s strategy to continue to expand and optimise its merchant base consists of two main components. Firstly, the Integer Group seeks to leverage its reputation in Poland as consumers’ preferred parcel delivery service. By aiming to be the parcel delivery service of choice for consumers, the Integer Group tries to entice merchants to select it as their parcel delivery services provider in order for those merchants to increase their popularity as a user-friendly seller. Secondly, the Integer Group seeks to win new merchant contracts and further leverage its existing merchant base through direct sales efforts. As of 30 September 2020, Integer Group’s sales department consisted of approximately 180 FTEs. The sales department comprises a telesales team, direct sales representatives and key account managers. Integer Group’s telesales team focuses on SME merchants whilst its large, key and strategic merchants are served by direct sales representatives and key account managers. More recently, Integer Group’s sales department has also been focusing on contracting international merchants for their inbound deliveries into Poland. Finally, an important part of the activities of Integer Group’s sales department consists of their efforts to increase Integer Group’s share of its existing merchants’ overall delivery volumes, effectively growing the business of the Integer Group with its existing merchants.

In addition to contracting merchants, the Integer Group seeks to form relationships with e-commerce platforms such as Allegro and AliExpress. Allegro is the leading e-commerce platform in Poland and a particularly important business partner for Integer Group. During the nine months ended 30 September 2020, Allegro represented 26.2% of the Integer Group’s revenue, whilst merchants with direct contracts with the Integer Group and selling their products through the Allegro platform represented an additional 20.7% of the Integer Group’s revenue. During the nine months ended 30 September 2020, the total share of Allegro (i.e. as a merchant and through its platform) of the Integer Group revenue was 46.9%, or PLN 781.7 million, and 42.4%, or PLN 522.2 million, during the year ended 31 December 2019. The Integer Group has a long-term framework agreement with Allegro for the delivery of parcels with guaranteed parcel volumes and periodic price indexations. See “*Business Overview – Material Agreements – Allegro Framework Agreement*”.

Upon renewal of a contract with an existing merchant or platform or when negotiating a contract with a new merchant or platform, the Integer Group may experience pricing pressure depending on the parcel volumes that such merchant or platform handles through Integer Group. However, the actual effect of such pricing pressure has historically been limited and for the majority of contract renewals the Integer Group has historically been able to achieve price increases when renegotiating its merchant contracts. As Integer Group’s cost factors depend on the volumes processed, the Integer Group tends to base its prices on expected merchant volumes, with higher expected volumes typically resulting in lower prices. See “*Pricing*”.

### **Pricing**

In addition to parcel volumes, the revenue of the Integer Group is driven by the rates paid for its parcel delivery services. The Integer Group generally enters into delivery contracts with its large, key and strategic merchants, whereas SME merchants use Integer Group’s services through its subscription model or through its ‘pay-as-you-go’ model.

In the delivery contracts that the Integer Group negotiates with its large, key and strategic merchants (merchants generating revenue in excess of PLN 5,000 on average per month), it typically agrees on certain per parcel price categories based on agreed parcel volumes, with price levels varying depending on the delivery method (i.e. APM or to-door delivery) and the size and the weight of the parcels. These contracts are generally entered into on a multi-year rolling basis with a one-month termination notice period and pricing is typically reviewed or indexed on an annual basis.

The Integer Group offers a subscription model to its merchants that allows them to choose from a selection of standardised packages with a fixed monthly fee. This subscription model is mainly used by smaller merchants. Merchants can use the credit under their subscription to pay for parcel delivery services. Any remaining credit by the end of the month is not transferable to the next month. The amount deducted from a merchant's credit is typically higher for a to-door parcel delivery than for an APM parcel delivery. Any deliveries in excess of the monthly credit are charged separately, with the per parcel prices for such excess deliveries being generally higher than for deliveries that fall within the agreed monthly credit. The Integer Group offers subscription packages for periods of 12 months and 24 months.

Alternatively, the Integer Group otherwise offers a 'pay-as-you-go' model to merchants and consumers as a flexible way to use its parcel delivery services without entering into a contract. Prices for 'pay-as-you-go' differ per parcel size category and delivery method (e.g. APM or to-door delivery), but are otherwise fixed.

During the nine months ended 30 September 2020, price levels of Integer Group's APM delivery services were on average 31% lower than those of its to-door delivery services. During the nine months ended 30 September 2020, the average price per parcel was PLN 10.60 for to-door delivery and PLN 7.34 for APM delivery. The difference in pricing between the two segments is primarily enabled by the lower last-mile costs of Integer Group's APM delivery services relative to its to-door delivery services.

During the periods under discussion, there have been relatively limited changes in Integer Group's overall average rates per parcel. Pricing for its to-door delivery services increased by approximately 5-6% per year, compared to an increase of approximately 1% per year for its APM delivery services. The strategy of the Integer Group had been to increase price levels in the to-door segment faster than in the APM segment primarily because its prices in the to-door segment lagged the rates of the main to-door delivery courier services in the Polish market. As awareness of the 'InPost' brand grew and service levels of Integer Group's to-door segment became on par with those of the main to-door delivery couriers, there was an opportunity to close the gap between its to-door prices and those of its main competitors. The overall average price per parcel, however, remained largely stable as a result of a continued shift from to-door delivery to APM delivery.

The Integer Group expects pricing developments of its delivery services in the short to medium term to be materially in line with the trends witnessed during the periods under discussion. The entry into the Polish market of new international e-commerce merchants as well as the anticipated introduction of new value-added services such as same day delivery, weekend delivery and night premier delivery (pre-loaded lockers for midnight product releases), is expected to drive up price levels of parcel delivery services in the Polish market. The effects that any such price increases may have on the overall average price levels of Integer Group's delivery services are expected to be at least partially offset by the downward pressure on the overall average price per parcel that a continued shift from to-door delivery to APM delivery is expected to have due to the lower price levels of APM delivery services, and from which the Integer Group is expected to benefit given its relative position in the market.

### ***Costs of operating Integer Group's business***

The main costs of operating Integer Group's business are (i) external services costs, which include, *inter alia*, costs of external courier partners and representatives the Integer Group engages to deliver parcels as well as costs for temporary staff in its branches and sorting hubs; and (ii) payroll costs, which include wages, salaries and other remuneration costs for Integer Group's employees. During the periods under discussion, the external services costs and payroll costs of the Integer Group have increased in absolute terms but as a percentage of revenue have declined.

Costs for external services increased by PLN 347.7 million to PLN 835.9 million for the nine months ended 30 September 2020, from PLN 488.2 million for the nine months ended 30 September 2019 and, for the year ended 31 December 2019, increased by of PLN 217.4 million, to PLN 685.6 million from PLN 468.2 million for the year ended 31 December 2018. Integer Group's external services costs have, therefore, declined as a percentage of revenue, representing 69.1% of revenue for the year ended

31 December 2017, 64.5% for the year ended 31 December 2018, 55.6% for the year ended 31 December 2019 and 50.2% for the nine months ended 30 September 2020.

Payroll costs increased by PLN 62.5 million to PLN 131.6 million for the nine months ended 30 September 2020, from PLN 69.1 million for the nine months ended 30 September 2019 and, for the year ended 31 December 2019, increased by PLN 40.8 million, to PLN 107.1 million from PLN 66.3 million for the year ended 31 December 2018. Integer Group's payroll costs have, therefore, declined as a percentage of revenue, representing 12.5% of revenue for the year ended 31 December 2017, 9.1% for the year ended 31 December 2018, 8.7% for the year ended 31 December 2019 and 7.9% for the nine months ended 30 September 2020, partially as a result of courier efficiency outpacing wage inflation.

The increase in Integer Group's main operating costs during the periods under discussion were largely driven by the growth in parcel volumes. While its operating costs increased in absolute terms, Integer Group's operating costs per parcel and operating costs as a percentage of revenue decreased. This was driven by (i) an increase in share of APM delivery volumes where the Integer Group incurs lower logistics costs per parcel compared to to-door delivery; (ii) benefits of operating leverage, such as the ability to deliver more parcels per stop, a more efficient utilisation of Integer Group's logistics network (e.g. branches and sorting departments) and line hauls, and increased efficiency of its sorting processes; (iii) improvements in operational efficiencies, such as installation of automated sorting machines and efficiencies in Integer Group's couriers and depots; and (iv) certain other initiatives, such as using Integer Group's mobile application 'InPost Mobile' for notifications to consumers instead of SMS. The delivery infrastructure, courier network and pool of resources of the Integer Group is shared between its APM and to-door delivery services segments, with delivery vehicles carrying mixed loads of APM and to-door parcels. Consequently, growth in parcel volumes historically has had a positive effect on per parcel costs across both segments as a result of achieving higher operating efficiency as parcel volumes increase and the effect of spreading network costs across both segments.

In connection with the Offering, the Group intends to refinance the existing indebtedness under its financing facilities, and for this reason the Company will incur new and additional debt. As a result, although the interest rates on the new debt are expected to be lower than the interest rates on Integer Group's current debt, the overall interest expenses on the Group's new debt are expected to be higher than the interest expenses on its current debt and are, as such, expected to impact the Group's financial results going forward. (See "*Unaudited Pro Forma Financial Information*" and "*– Indebtedness – Banking Facilities*".)

### ***Seasonality***

The business of the Integer Group is subject to predictable seasonality because the vast majority of its business serves the e-commerce retail industry, which is particularly active during the end-of-year holiday season which runs from mid-November, starting around Black Friday, through the end of December. As a result of these seasonal fluctuations, the Integer Group typically experiences a peak in sales and generate a substantial part of its revenue in the fourth quarter of the year. Therefore, annualising the results of any single quarter is not a reliable proxy for full year results. During the year ended 31 December 2019, the Integer Group generated 32.5% of its annual revenue in the fourth quarter and, during the year ended 31 December 2018, the Integer Group generated 38.3% of its annual revenue in the fourth quarter. See "*– Liquidity and Capital Resources – Working Capital*" for a description of the seasonality effects on Integer Group's Net Working Capital position and requirements.

### ***Key performance indicators***

The Integer Group uses several key performance indicators (revenue, revenue year-on-year growth, Operating EBITDA, Operating EBITDA Margin, Gross Profit, Gross Profit Margin, Capital Expenditure, Free Cash Flow, Cash Conversion Ratio, Number of APMs in Poland, Number of lockers in Poland, Utilisation Rate in Poland, Number of international APMs, Number of international lockers, APM parcel volume in Poland, To-door parcel volume in Poland, Total international parcel volume, Total international revenue, APM revenue growth in Poland, To-door revenue growth in Poland, Total capex in Poland, Total international capex, Maintenance capex in Poland) to track the performance of its business. Except for revenue, none of these key performance indicators is a measure of financial performance or cash flow under IFRS. The Integer Group nonetheless believes that these performance indicators provide important information for management of trends in its financial or operational performance that is also useful to investors.

In analysing Integer Group's future performance, investors should consider these non-IFRS key performance indicators together with the presentation of the financial condition, results of operations and cash flow of the Integer Group under IFRS, rather than as an alternative to IFRS financial measures. See "Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures" and "Selected Consolidated Financial Information – Non-IFRS Financial Measures".

Although certain of the data below has been extracted or derived from the Financial Statements contained in this Prospectus, this data, and the assumptions underlying this data, have not been audited or reviewed by the independent statutory auditors. The information used to calculate these measures is partly derived from Integer Group's management accounts and the Financial Statements. As these terms are defined by Integer Group's management, they may not be comparable to similar terms used by other companies.

The following table presents Integer Group's key performance indicators for each of the periods indicated.

	Year ended 31 December (in PLN millions, unless indicated otherwise)			Nine months ended 30 September	
	2019	2018	2017	2020	2019
Revenue.....	1,232.0	726.2	482.5	1,666.2	832.5
Revenue year-on-year growth.....	69.7%	50.5%	n/a	100.1%	n/a
Operating EBITDA.....	350.1	109.7	18.4	635.6	230.0
Operating EBITDA Margin.....	28.2%	14.9%	3.7%	37.9%	27.4%
Gross Profit.....	552.7	279.0	140.8	859.0	371.7
Gross Profit Margin.....	44.5%	37.9%	28.3%	51.2%	44.3%
Capital Expenditure.....	319.7	135.7	153.7	393.0	215.4
Free Cash Flow.....	34.9	(115.6)	(85.5)	254.5	(7.4)
Cash Conversion Ratio.....	10.0%	(105.4%)	(464.7%)	40.0%	(3.2%)
Number of APMs in Poland (end of period number).....	7,236	4,389	2,620	9,783	6,509
Number of lockers in Poland (thousands, end of period number).....	827	442	257	1,280	726
Utilisation Rate in Poland.....	64.6%	60.7%	73.3%	81.4%	61.5%
Number of international APMs (end of period number).....	1,166	1,257	1,498	1,288	1,147
Number of international lockers (thousands, end of period number).....	58	62	75	68	58
APM parcel volume in Poland (millions).....	103.1	52.9	33.5	161.3	67.7
To-door parcel volume in Poland (millions).....	40.4	29.5	20.0	42.0	28.4
Total international parcel volume (millions).....	0.5	0.4	0.6	1.2	0.4
Total international revenue.....	7.0	7.7	7.9	9.6	5.4
APM revenue year-on-year growth in Poland.....	97.2%	60.1%	n/a	131.5%	n/a
To-door revenue year-on-year growth Poland.....	44.6%	55.1%	n/a	51.8%	n/a

See "– Results of operations".

## Description of Key Income Statement Line Items

### Revenue

The Integer Group has the following sources of revenue (i) delivery of parcels through its APM network in Poland; (ii) to-door delivery of parcels by couriers in Poland; (iii) delivery of parcels through its APM networks outside of Poland; and (iv) sales of APMs and other shipping devices to third parties, maintenance of APMs as well as marketing and IT services to third parties. Revenue is recognised in the

amount at which it is likely that the Integer Group will obtain economic benefits from the relevant transaction and when a credible valuation of the revenue amount is possible.

Revenue is recognised after deduction of any VAT and any provided discounts. In general, the Integer Group recognises revenue for parcel delivery upon delivery of the parcel. In case the Integer Group delivers parcels via an APM (or other devices for shipping and collecting goods) or to-door, it recognises revenue at the moment the recipient collects its parcel. In case of uncollected parcels, the revenue is recognised upon return to the sender and includes an additional fee for the return service. In case of services (such as marketing, IT or APM maintenance) the Integer Group recognises revenue after the services had been duly provided unless the contract states otherwise (e.g. IT maintenance fees are in some cases charged as a monthly fixed fee). Revenue generated by the sale of APMs is recognised depending on the terms in the relevant contracts.

#### ***Other operating income***

Other operating income includes mainly revenue generated by (i) income from government grants; (ii) income from contractual penalties and compensations; (iii) income from reversal of impairment losses; and (iv) miscellaneous operating income, such as debt collection costs paid by customers of Integer Group.

#### ***Depreciation and amortisation***

Depreciation and amortisation includes depreciation of tangible assets, including assets recognised under IFRS 16, such as rental of branches and premises, sorting equipment, vehicles and the rented APM locations in Integer Group's networks in Poland, UK and Italy, and amortisation of intangible assets. The intangible assets of the Integer Group comprise mainly of IT software, capitalised IT development works (e.g. mobile app), trademarks and know-how (mainly technology for the automated refrigerated machines for e-grocery).

#### ***Raw materials and consumables***

Raw materials and consumables include the costs of consumables and other equipment (such as packaging, envelopes, stickers and courier uniforms), as well as utilities costs for the offices, sorting hubs and branches of Integer Group. The costs of materials used for the production of APMs for Integer Group's own network (either in Poland or in the UK and Italy) are recorded as an asset on its statement of financial position at their historical cost and depreciated over the useful life of its APMs.

#### ***External services***

External services mainly include the costs the Integer Group incurs in respect of (i) the external courier partners and representatives it engages to deliver parcels; (ii) temporary staff in the branches and sorting hubs; (iii) line haul services provided by third party transport companies; (iv) external maintenance services for its APM network; and (v) external advisory, legal, IT, marketing and call centre services.

#### ***Taxes and charges***

Taxes and charges includes non-deductible VAT (relating to sales invoice adjustments that are not signed by the customers and VAT from cars rental), real estate taxes and court fees.

#### ***Payroll***

Payroll includes the wages, salaries and other remuneration costs for Integer Group's employees, including the management team. This includes bonuses, overtime, holiday accrual and pension accrual.

#### ***Social security and other benefits***

Social security and other benefits includes costs for payments to social funds and social contributions, as well as for other employee benefits, medical services and personnel training costs.

#### ***Other expenses***

Other expenses by type includes cost of insurance, such as Integer Group's cargo insurance and its employees' travel and expenses costs.

#### ***Costs of goods and materials sold***

Costs of goods and materials sold largely include the costs of sold APMs, APM extensions and spare parts produced by subcontractors, as well as costs of maintenance services provided to third parties.



### ***Impairment (gain) loss on trade and other receivables***

Impairment (gain) loss on trade and other receivables includes the net value of impairment losses and reversal of impairment losses on trade and other receivables. The Integer Group records the impairments on trade receivables on a monthly basis.

### ***Other operating expenses***

Other operating expenses include mainly the loss on property, plant and equipment and intangible assets. Other operating expenses further include operating expenses such penalties and compensations, loss on disposal of non-current assets, donations and other costs not related to core activities of Integer Group.

### ***Finance income***

Finance income includes mainly income from (i) foreign exchange gains; (ii) interest income; and (iii) other finance income, which represents mainly the reversal or utilisation of impairment of financial assets.

### ***Finance costs***

Finance costs include mainly (i) interest expense relating to Integer Group's credit facilities (see "– *Indebtedness*"); (ii) deposits, fees and commissions; (iii) bank fees for transactions and guarantees; and (iv) foreign exchange losses.

### ***Profit on sales of organised part of an enterprise***

Profit on sales of an organised part of an enterprise has been recognised in the statement of profit or loss and other comprehensive income for the period of nine months ended 30 September 2020, pursuant to the sale of the IT development and maintenance business unit to InPost Technology S.à r.l., which entity is not part of the Integer Group, but is a subsidiary of AI Prime (Bidco) S.à r.l., the majority shareholder of Integer.pl. The IT development and maintenance business unit was part of the Integer Group (representing part of the operations of Integer Group Services Sp. z o.o., a subsidiary of Integer.pl) until 22 July 2020. The Integer Group recognised a profit of PLN 1.9 million in connection with this sale. Please also see "Selling Shareholders and Related Party Transactions – Related Party Transactions – InPost Technology S.à r.l.".

### ***Income tax expense (benefit)***

Income tax expense includes current tax charges based on the tax rate for each jurisdiction as well as changes in deferred tax assets and liabilities.

### ***Profit (loss) from discontinued operations***

Loss from discontinued operations results from a strategic decision to shift focus to Integer Group's best performing operations, it committed to a plan to withdraw from foreign markets that had underperformed and had no potential to expand without significant capital expenditure. Several operations were discontinued in the years ended 31 December 2017 and 2016, but no further operations have been discontinued since. In addition, the Integer Group decided to discontinue its postal and logistics services related to delivery of registered letters in Poland in the year ended 31 December 2017.

## **Current Trading**

Overall trading to date since 30 September 2020 is in line with the Group's expectations. As a result of the strong increase in e-commerce penetration observed throughout 2020, the Group has continued to benefit from the strong momentum seen in the first three quarters of 2020.

### ***Poland***

As of 31 December 2020, the Group has 10,776 APMs in Poland. The number of APMs in Poland increased with 994, or 10%, since 30 September 2020, and increased with 3,590, or 50%, since 31 December 2019. The Group continues to implement its strategy to increase population coverage with new APM rollouts in order to provide a continuously improving user experience for both merchants and end users.

In the fourth quarter of the year ended 31 December 2020, the Group's total parcel volume in Poland amounted to 104 million. This represents a 43% increase compared to the third quarter of that year when the total parcel volume in Poland was 73 million and a 120% increase compared to the fourth quarter of the

year ended 31 December 2019, when the total parcel volume in Poland was 47 million. The number of parcels delivered in Poland for the year ended 31 December 2020 was 308 million, of which 247 million were APM deliveries and 61 million were to-door deliveries.

The total APM parcel volume in Poland for the fourth quarter of the year ended 31 December 2020 was 86 million. This represents a 46% increase compared to the third quarter of that year, when the total APM parcel volume was 59 million and a 143% increase compared to the fourth quarter of the year ended 31 December 2019, when the total APM parcel volume was 35 million. This increase is mainly due to the strong e-commerce growth as well as the increasing network size of the Group and popularity of APM as the preferred delivery method. The total APM parcel volume for the year ended 31 December 2020 was 247 million.

The total to-door parcel volume in Poland for the fourth quarter of the year ended 31 December 2020 was 18 million. This represents a 28% growth compared to the third quarter of that year, when the Group's total to-door parcel volume in Poland was 14 million, and a 54% growth compared the fourth quarter of the year ended 31 December 2019, when the Group's total to-door parcel volume in Poland was 12 million.

### *International*

As of 31 December 2020, the Group has a network of 1,478 APMs outside of Poland. The number of APMs outside of Poland increased by 190, or 15%, compared to the number of APMs outside of Poland as of 30 September 2020 and by 312, or 27%, compared to the number of APMs outside of Poland as of 31 December 2019. The Group's international operations continue to grow and international expansion forms a key part of the Group's strategy. All new APMs were installed in the UK.

The total international parcel volume reached 1 million in the fourth quarter of the year ended 31 December 2020, all of which were delivered to APMs. The total number of parcels delivered in international markets in the year ended 31 December 2020 amounted to 2.2 million, largely due to the significant increase in parcel volume in the UK during the fourth quarter. The fourth quarter of the year ended 31 December 2020 has seen a strong growth of 102% in parcel volume compared to the third quarter of that year and an extraordinary growth of 613% compared to the fourth quarter of the year ended 31 December 2019. The increase in parcel volume in UK is mainly driven by the expanding merchants base and the accelerated roll-out of APMs. This has enabled the Group to ramp up its UK operation at a significantly quicker pace in the fourth quarter of the year ended 31 December 2020 than it was able to in the past.

The following table sets out the number of APMs for the periods indicated.

	As at 31 December 2020	As at 31 December 2019	As at 30 September 2020
<b>Number of APMs</b>			
Poland.....	10,766	7,186	9,782
International.....	1,478	1,166	1,288

The following table sets out the parcel volumes for the periods indicated.

	Year ended 31 December		Fourth quarter of the year ended 31 December 2020	Third quarter of the year ended 30 September	
	2020	2019		2019	2020
<b>Total parcel volume (in millions) .....</b>	<b>309.9</b>	<b>144.0</b>	<b>105.5</b>	<b>47.5</b>	<b>73.6</b>
Poland APM .....	247.2	103.1	86.0	35.4	58.7
Poland to-door .....	60.5	40.4	18.5	12.0	14.4
International .....	2.2	0.5	1.0	0.1	0.5

## Recent Developments

### *International expansion strategy*

The Group aims to pursue an international expansion strategy, both through its structured direct entry model, which will focus on organic growth, and its opportunistic M&A model. The Group expects to pursue selective acquisitions of existing out-of-home delivery networks and automating them through the development of a dense APM network. It seeks to then leverage its existing pan-European merchants to provide additional parcel volumes and drive performance improvement by leveraging its existing technology and operational know how. The Group's current M&A strategy considers acquisitions only where they accelerate the APM "flywheel" and the following criteria for the target are present:

- A profitable business, with operations in the Group's target geographies.
- A large existing parcel volume serviced by a logistics network of scale, as well as a substantial network of out-of-home locations that the Group would seek to automate through the deployment of its APM technology.
- Integration opportunities with an attractive e-merchant client base with whom the Group would be able to cross-sell its existing services.
- A purchase price of no more than EUR 600 million.

See "*- The Group's Strategy – Expand internationally by continuing successful roll-out in the UK and expand further in other countries*".

In furtherance of its opportunistic M&A model, the Group is presently evaluating, and expects to continue to evaluate on an ongoing basis, possible acquisition transactions in continental Europe, including transactions that would be significant to it. The Group cannot predict the timing, or the probability of completion, of any contemplated transactions.

At present, the Group is engaged in discussions to acquire a PUDO delivery services group in western Europe, through which it would expect to accelerate its expansion into certain of the countries currently prioritised for future expansion. Specifically, the Group believes that the target group would meet all of the criteria for acquisitions described above.

The acquisition, should it take place, would also be expected to enhance the Group's international value proposition, with the creation of a single platform operating across certain key European e-commerce markets. The target addressable market, and therefore runway for growth, for the combined Group, consist of the pan-European parcel delivery market and the acquisition would accelerate its expansion and extend the Group's leadership position in the automated out-of-home delivery market.

During the year ended 31 December 2020, management of the target group estimates that it generated revenue in the range of EUR 375 million to EUR 400 million and EBITDA in the range of EUR 45 million to EUR 50 million, in each case on a statutory basis. The consideration for the acquisition could include the assumption of certain corporate debt, which could cause the Group's indebtedness to increase. The Group would expect to fund the acquisition with debt financing. It anticipates that, if agreement would be reached, completion of the acquisition could occur in the latter part of the first half of 2021. Further to the above standalone financials, and if the proposed acquisition were to take place, the Group has identified the potential for commercial and operational synergies, looking to leverage its automation technology and operational know-how in order to accelerate the target group's revenue growth and enhance profitability. In doing so, the Group expects to realign the target group from a predominantly PUDO delivery service offering today towards a more APM driven business model going forward.

The foregoing discussions represent the Group's current intention to acquire the target group, subject to completion of satisfactory due diligence and the execution of definitive documentation, which will include customary closing conditions. However, several material terms remain open between the parties, and the Group does not know that definitive documentation will be executed with respect to the acquisition or the timing thereof or, if definitive documentation is executed, whether the acquisition will close or the timing thereof. In addition, the Group has not yet procured any committed debt financing for the acquisition, and it does not know that definitive documentation will be executed with respect to the debt financing or the timing thereof.

See also "*Risk Factors – Risks Relating to the Group's Business and Industry – The Group may fail to acquire other businesses as contemplated by its growth strategy or to realise the expected benefits from such acquisitions and the Group may inadvertently acquire actual or potential liabilities*".

## Results of Operations

The following table sets out the financial performance and certain operating results of the Integer Group on the basis of its consolidated financial information for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Revenue</b> .....	<b>1,232.0</b>	<b>726.2</b>	<b>482.5</b>	<b>1,666.2</b>	<b>832.5</b>
Other operating income .....	10.6	10.7	14.6	10.8	6.7
Depreciation and amortisation .....	221.5	146.4	83.6	242.9	147.3
Raw materials and consumables .....	40.2	25.9	35.9	30.9	14.9
External services .....	685.6	468.2	333.5	835.9	488.2
Taxes and charges .....	2.3	1.7	1.5	1.4	1.8
Payroll .....	107.1	66.3	60.3	131.6	69.1
Social security and other benefits .....	27.8	12.5	12.8	29.1	16.6
Other expenses .....	11.3	15.3	7.7	10.6	7.5
Costs of goods and materials sold .....	8.6	22.4	9.8	6.4	6.0
Other operating expenses .....	13.1	7.7	11.4	3.7	8.9
Impairment (gain) loss on trade and other receivables .....	(3.5)	7.2	5.8	(8.2)	(3.8)
<b>Total operating expenses</b> .....	<b>1,114.0</b>	<b>773.6</b>	<b>562.3</b>	<b>1,284.3</b>	<b>756.5</b>
<b>Operating profit (loss)</b> .....	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Finance income .....	20.9	2.5	8.2	0.1	5.2
Finance costs .....	62.8	54.4	46.7	116.5	48.7
Profit on sales of organised part of an enterprise .....	—	—	—	1.9	—
Share of profits of equity-accounted investees .....	—	—	0.6	—	—
<b>Profit (loss) before tax</b> .....	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Income tax expense (benefit) .....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) from continuing operations</b> .....	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Profit (loss) from discontinued operations .....	(3.2)	(15.1)	(102.2)	(1.2)	4.2
<b>Net profit (loss)</b> .....	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>

### ***Operating EBITDA and Operating EBITDA margin***

The following table sets out the reconciliation of Operating EBITDA, Operating EBITDA margin and Operating EBITDA per geographic area to net profit (loss) on a consolidated basis for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Net profit (loss)</b> .....	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>
(Profit) loss from discontinued operations .....	3.2	15.1	102.2	1.2	(4.2)
<b>Profit (loss) from continuing operations</b> .....	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Income tax expense (benefit).....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) before tax</b> .....	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Share of profits of equity-accounted investees .....	—	—	(0.6)	—	—
Profit on sales of organised part of an enterprise .....	—	—	—	(1.9)	—
Finance costs.....	62.8	54.4	46.7	116.5	48.7
Finance income .....	(20.9)	(2.5)	(8.2)	(0.1)	(5.2)
<b>Operating profit (loss)</b> .....	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Depreciation and amortisation .....	221.5	146.4	83.6	242.9	147.3
<b>Operating EBITDA</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>
/ Revenue and Other operating income	1,242.6	736.8	497.1	1,677.0	839.2
<b>Operating EBITDA margin</b> .....	<b>28.2%</b>	<b>14.9%</b>	<b>3.7%</b>	<b>37.9%</b>	<b>27.4%</b>
<b>Operating EBITDA per geographic area</b> .....					
Poland .....	375.6	134.7	53.7	665.3	258.8
International .....	(25.5)	(25.0)	(35.3)	(29.7)	(28.8)
<b>Total</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>

### **Gross Profit and Gross Profit margin**

The following table sets out the reconciliation of Gross Profit and Gross Profit per geographic area net profit (loss) on a consolidated basis for the periods indicated.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Net profit (loss)</b> .....	<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>	<b>208.7</b>	<b>24.5</b>
(Profit) loss from discontinued operations .....	3.2	15.1	102.2	1.2	(4.2)
<b>Profit (loss) from continuing operations</b> .....	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>	<b>209.9</b>	<b>20.3</b>
Income tax expense (benefit).....	32.7	(88.9)	6.5	68.3	18.9
<b>Profit (loss) before tax</b> .....	<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>	<b>278.2</b>	<b>39.2</b>
Share of profits of equity-accounted investees .....	—	—	(0.6)	—	—
Profit on sales of organised part of an enterprise .....	—	—	—	(1.9)	—
Finance costs.....	62.8	54.4	46.7	116.5	48.7
Finance income .....	(20.9)	(2.5)	(8.2)	(0.1)	(5.2)
<b>Operating profit (loss)</b> .....	<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>	<b>392.7</b>	<b>82.7</b>
Depreciation and amortisation .....	221.5	146.4	83.6	242.9	147.3
<b>Operating EBITDA</b> .....	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>	<b>635.6</b>	<b>230.0</b>
General costs.....	202.6	169.4	122.4	223.4	141.7
– Sales & Marketing.....	44.5	30.2	25.9	50.1	30.5
– Call Centre.....	17.6	9.9	8.9	21.1	12.0
– IT Maintenance.....	15.7	9.3	3.2	15.1	10.7
– Other general costs .....	124.7	120.0	84.4	137.1	88.5
<b>Gross Profit</b> .....	<b>552.7</b>	<b>279.0</b>	<b>140.8</b>	<b>859.0</b>	<b>371.7</b>
/ Revenue and Other operating income	1,242.6	736.8	497.1	1,677.0	839.2
<b>Gross Profit margin</b> .....	<b>44.5%</b>	<b>37.9%</b>	<b>28.3%</b>	<b>51.2%</b>	<b>44.3%</b>
<b>Gross Profit per geographic area</b> ....					
Poland .....	560.1	285.5	157.4	864.8	376.6
International .....	(7.4)	(6.5)	(16.6)	(5.8)	(4.9)
<b>Total</b> .....	<b>552.7</b>	<b>279.0</b>	<b>140.8</b>	<b>859.0</b>	<b>371.7</b>

### **Comparison of Results of Operations for the Nine Months Ended 30 September 2020 and 2019**

The following discussion sets out the financial performance and certain operating results of the Integer Group on the basis of its unaudited interim condensed consolidated financial information for the nine months ended 30 September 2020 and 2019.

#### **Revenue**

Revenue increased by PLN 833.7 million, or 100.1%, to PLN 1,662.2 million for the nine months ended 30 September 2020, from PLN 832.5 million for the nine months ended 30 September 2019. This increase was primarily driven by a strong growth in revenue in Integer Group's APM segment as a result of parcel volume growth on the back of the efforts of the Integer Group to further optimise its APM network. The Integer Group also achieved revenue growth in its to-door segment which was driven by increased parcel volumes in this segment as a result of the further growth of its business.



### Other operating income

Other operating income increased by PLN 4.1 million, or 61.2%, to PLN 10.8 million for the nine months ended 30 September 2020, from PLN 6.7 million for the nine months ended 30 September 2019. This increase was primarily the result of higher income from contractual penalties and compensations, as well as – to a lesser extent – higher income from subsidies. The Integer Group agrees certain key performance indicators with the courier partners that it engages to handle parcel deliveries. These key performance indicators set certain standards for Integer Group's couriers with respect to the quality of their delivery services and are subject to a contractual penalty if the agreed standards are not met. As parcel volumes increase, breaches of contractual key performance indicators by courier partners also increase. Consequently, as a result of parcel volume growth during the nine months ended 30 September 2020 compared to the same period in the preceding year, the Integer Group invoiced more contractual penalties to its courier partners.

#### Revenue and other operating income per segment

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
(in PLN millions, unless indicated otherwise)					
<b>Revenue and other operating income<sup>(1)</sup></b>					
Poland .....	<b>1,235.6</b>	<b>729.2</b>	<b>489.2</b>	<b>1,667.4</b>	<b>833.8</b>
— APM segment .....	776.4	393.8	245.9	1,183.2	511.1
— To-door segment .....	420.1	290.6	187.4	445.9	293.8
— Other <sup>(2)</sup> .....	71.4	100.7	81.4	40.5	31.4
— Inter-segment elimination <sup>(3)</sup> .....	(32.3)	(55.9)	(25.5)	(2.2)	(2.5)
International .....	7.0	7.7	7.9	9.6	5.4
<b>Total .....</b>	<b>1,242.6</b>	<b>736.8</b>	<b>497.1</b>	<b>1,677.0</b>	<b>839.2</b>

(1) Revenue and other operating income are combined on a segment level in order to be able to reconcile to operating profit on a segment level by deducting all costs.

(2) Other consists mainly of APM production & sale (to third parties) and marketing and IT services (intercompany and to third parties).

(3) Transactions between segments are eliminated upon consolidation and reflected in the 'inter-segment elimination' row.

*APM segment:* Revenue and other operating income for the APM segment increased by PLN 672.1 million, or 131.5%, to PLN 1,183.2 million for the nine months ended 30 September 2020, from PLN 511.1 million for the nine months ended 30 September 2019. This increase in revenue was mainly driven by a sharp increase in parcel volumes in the APM segment on the back of an acceleration of e-commerce penetration in Poland as a result of the COVID-19 pandemic, as well as the efforts of the Integer Group to further optimise its APM network and to contract new key and strategic merchants. This increase in revenue was partially offset by lower average prices per parcel in the APM segment for the nine months ended 30 September 2020 compared to the same period in the preceding year as a result of an increased share in parcel volumes of Integer Group's large, key and strategic merchants with whom it typically agrees lower prices per parcel in consideration of the higher parcel volumes that they process through the Integer Group compared to smaller merchants.

*To-door segment:* Revenue and other operating income for the to-door segment increased by PLN 152.1 million, or 51.8%, to PLN 445.9 million for the nine months ended 30 September 2020, from PLN 293.8 million for the nine months ended 30 September 2019. This increase was driven by an increase in parcel volumes in this segment on the back of an acceleration of e-commerce penetration in Poland as a result of the COVID-19 pandemic, as well as the efforts of the Integer Group to contract new key and strategic merchants such as Vinted, an online marketplace for second-hand clothing, and LPP, a large Polish clothing manufacturer and retailer.

*International:* Revenue and other operating income for the international segment increased by PLN 4.2 million, or 77.8%, to PLN 9.6 million for the nine months ended 30 September 2020, from PLN 5.4 million for the nine months ended 30 September 2019. This increase was mainly driven by higher sales in the UK and – to a lesser extent – Italy. The growth of the UK business was mainly the result of a

new strategy for the UK (see also “*Business Overview – Strategy Overview – Expand internationally by continuing successful roll-out in the UK and expand further in other countries both organically and through acquisitions.*”), and the integration of new business volumes, from the Hermes Group and other strategic merchants.

#### *Depreciation and amortisation*

Depreciation and amortisation increased by PLN 95.6 million, or 64.9%, to PLN 242.9 million for the nine months ended 30 September 2020, from PLN 147.3 million for the nine months ended 30 September 2019. This increase was primarily the result of the expansion of Integer Group’s APM network and the related increase in the number of APMs and parcel lockers, resulting in an increase in the value of Integer Group’s APM network on its statement of financial position, as well as increases in operating equipment and sorting machines as a result of opening new branches to handle parcel volume growth.

#### *Raw materials and consumables*

Raw materials and consumables increased by PLN 16.0 million, or 107.4%, to PLN 30.9 million for the nine months ended 30 September 2020, from PLN 14.9 million for the nine months ended 30 September 2019. This increase was primarily driven by increased costs for consumables, such as packaging, envelopes, stickers and courier uniforms, as well as an increase in energy costs relating to the expansion of Integer Group’s APM network and logistics network to handle parcel volume growth.

#### *External services*

External services increased by PLN 347.7 million, or 71.2%, to PLN 835.9 million for the nine months ended 30 September 2020, from PLN 488.2 million for the nine months ended 30 September 2019. This increase was mainly driven by an increased use of external parcel delivery services to handle higher parcel volumes in Integer Group’s APM and to-door segments. However, the percentage increase in external costs was lower than the overall increase in parcel volumes as a result of a continued shift from to-door delivery to APM delivery which has lower costs per parcel compared to to-door delivery. Additionally, the Integer Group achieved cost reductions as a result of operating efficiencies such as the further automating of its sorting hubs and branches.

As a percentage of revenue, external services costs declined from 58.6% in the nine months ended 30 September 2019 to 50.2% in the nine months ended 30 September 2020, reflecting an increase in the share of APM deliveries in the total parcel volumes of the Integer Group as well as benefits from operating leverage as its business grew.

#### *Taxes and charges*

Taxes and charges remained relatively stable between the nine months ended 30 September 2020 and the nine months ended 30 September 2019. The change was PLN 0.4 million, or 22.2%, to PLN 1.4 million for the nine months ended 30 September 2020, from PLN 1.8 million for the nine months ended 30 September 2019.

#### *Payroll*

Payroll increased by PLN 62.5 million, or 90.5%, to PLN 131.6 million for the nine months ended 30 September 2020, from PLN 69.1 million for the nine months ended 30 September 2019. This increase was primarily driven by an increase in the number of employees to support the growth of Integer Group’s business.

As at 30 September 2020, the Integer Group had 3,186 employees, compared to 2,238 employees at 30 September 2019, representing an increase of 948 employees, or 42.4%. As a percentage of revenue, payroll costs declined from 8.3% in the nine months ended 30 September 2019 to 7.9% in the nine months ended 30 September 2020, reflecting an improvement in operating leverage as the business of the Integer Group grew.

#### *Social security and other benefits*

Social security and other benefits increased by PLN 12.5 million, or 75.3%, to PLN 29.1 million for the nine months ended 30 September 2020, from PLN 16.6 million for the nine months ended 30 September 2019. This increase was primarily driven by an increase in the number of employees and increases in employee salaries and benefits and higher costs of personnel training.

#### *Other expenses*

Other expenses increased by PLN 3.1 million, or 41.3%, to PLN 10.6 million for the nine months ended 30 September 2020, from PLN 7.5 million for the nine months ended 30 September 2019. This increase was driven by higher parcel volumes, partially offset by lower insurance premiums which the Integer Group succeeded in negotiating with its insurers as a result of a substantial reduction in claims for lost and damaged parcels in the year ended 31 December 2019. The reduction of lost and damaged parcels was the result of investments in video surveillance and in Integer Group's security department as well as the implementation of operational process improvements at each stage of its logistics process.

#### *Costs of goods and materials sold*

Costs of goods and materials sold remained relatively stable with an increase of PLN 0.4 million, or 6.7%, to PLN 6.4 million for the nine months ended 30 September 2020, from PLN 6.0 million for the nine months ended 30 September 2019.

#### *Other operating expenses*

Other operating expenses decreased by PLN 5.2 million, or 58.4%, to PLN 3.7 million for the nine months ended 30 September 2020, from PLN 8.9 million for the nine months ended 30 September 2019. This decrease was mainly the result of recognising PLN 4.7 million less in impairment of assets in the nine months ended 30 September 2020 compared to the same period of the preceding year.

#### *Impairment (gain) loss on trade and other receivables*

Net impairment gain on trade and other receivables increased by PLN 4.4 million compared to a gain of PLN 8.2 million for the nine months ended 30 September 2020, from a gain of PLN 3.8 million for the nine months ended 30 September 2019. This increase was mainly driven by a reversal of the provision for account receivables which resulted from improvements in the collection of receivables by Integer Group.

#### *Total operating expenses*

Total operating expenses increased by PLN 527.8 million, or 69.8%, to PLN 1,284.3 million for the nine months ended 30 September 2020, from PLN 756.5 million for the nine months ended 30 September 2019. This increase was primarily the result of the growth of Integer Group's business, which led to increases in external services and payroll costs, as described above.

#### *Operating profit*

Operating profit increased by PLN 310.0 million, or 374.9%, to PLN 392.7 million for the nine months ended 30 September 2020, from PLN 82.7 million for the nine months ended 30 September 2019. This increase was primarily driven by a substantial increase in revenue which was greater than the increase in total operating costs as a result of the growth of Integer Group's business and increased parcel volumes.

#### *Gross Profit*

Gross Profit increased by PLN 487.3 million, or 131.1%, to PLN 859.0 million for the nine months ended 30 September 2020, from PLN 371.7 million for the nine months ended 30 September 2019.

## Gross Profit per segment

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	(in PLN millions, unless indicated otherwise)				
<b>Gross Profit</b> .....					
Poland .....	<b>560.1</b>	<b>285.5</b>	<b>157.4</b>	<b>864.8</b>	<b>376.6</b>
— APM segment .....	418.9	205.3	110.1	688.2	277.3
— To-door segment.....	106.6	42.5	13.4	141.9	73.5
— Other <sup>(1)</sup> .....	50.2	81.2	48.3	35.9	25.8
— Inter-segment elimination <sup>(2)</sup> .....	(15.6)	(43.5)	(14.4)	(1.2)	0.0
International .....	(7.4)	(6.5)	(16.6)	(5.8)	(4.9)
<b>Total</b> .....	<b>552.7</b>	<b>279.0</b>	<b>140.8</b>	<b>859.0</b>	<b>371.7</b>

(1) Other consists mainly of APM production & sale (to third parties) and marketing and IT services (intercompany and to third parties).

(2) Transactions between segments are eliminated upon consolidation and reflected in the 'inter-segment elimination' row.

*APM segment:* Gross Profit for the APM segment increased by PLN 410.9 million, or 148.2%, to PLN 688.2 million for the nine months ended 30 September 2020, from PLN 277.3 million for the nine months ended 30 September 2019. This increase was primarily driven by a 138.2% parcel volume growth in this segment. As a result of increased parcel volumes, the Integer Group achieved lower costs per parcel as a result of the benefits from operating leverage such as higher efficiency by the increased automation at its sorting hubs and branches.

*To-door segment:* Gross Profit for the to-door segment increased by PLN 68.4 million, or 93.1%, to PLN 141.9 million for the nine months ended 30 September 2020, from PLN 73.5 million for the nine months ended 30 September 2019. This increase was primarily driven by a 47.9% parcel volume growth in this segment. As a result of increased parcel volumes, the Integer Group achieved lower costs per parcel driven by higher efficiency in its logistics network such as increased courier efficiency (i.e. couriers increasing their daily parcel shipping capacity), and at its depots by the increased automation at its sorting hubs and branches. Additionally, the Integer Group made use of new IT tools for couriers to plan more efficient routes for to-door delivery and refilling of APMs to further increase the courier efficiency.

*International:* Gross Profit for the international segment decreased by PLN 0.9 million, or 18.4%, to a loss of PLN 5.8 million for the nine months ended 30 September 2020, from a loss of PLN 4.9 million for the nine months ended 30 September 2019. Although revenue in the international segment increased, the increase was more than offset by higher logistic costs per parcel as a result of a new contract with one of Integer Group's international courier partners. However, these higher logistic costs will decline per parcel if parcel volumes increase, as this new agreement contains an arrangement that lowers the price per parcel as Integer Group parcel volumes grow. Additionally, the increase in revenue was also offset by unfavourable exchange rates between the British Pound and Euro on the one hand and PLN on the other.

## Finance income

Finance income decreased by PLN 5.1 million, or 98.1%, to PLN 0.1 million for the nine months ended 30 September 2020, from PLN 5.2 million for the nine months ended 30 September 2019. This decrease was mainly the result of a PLN 5.0 million gain on the valuation of a financial instrument (a currency interest rate swap) in the nine months ended 30 September 2019, compared to a loss of PLN 2.2 million on the valuation of the same currency interest rate swap in the nine months ended 30 September 2020, which was recognised under financial costs.

## Finance costs

Finance costs increased by PLN 67.8 million, or 139.2%, to PLN 116.5 million for the nine months ended 30 September 2020, from PLN 48.7 million for the nine months ended 30 September 2019. This increase was mainly the result of increased foreign exchange losses and deposits, fees and commissions, and to a lesser extent the result of an increase of PLN 5.0 million, or 16.8%, in interest expenses on loans to PLN 34.8 million for the nine months ended 30 September 2020 from PLN 29.8 million for the nine

months ended 30 September 2019, and an increase of PLN 3.1 million, or 31.3%, in interest expenses on leases to PLN 13.0 million for the nine months ended 30 September 2020 (of which PLN 10.5 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16) from PLN 9.9 million for the nine months ended 30 September 2019 (of which PLN 4.5 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16).

#### *Profit before tax*

Profit before tax increased by PLN 239.0 million, or 609.7%, to PLN 278.2 million for the nine months ended 30 September 2020, from PLN 39.2 million for the nine months ended 30 September 2019, as a result of the factors described above.

#### *Income tax expense (benefit)*

Income tax expense increased by PLN 49.4 million to PLN 68.3 million for the nine months ended 30 September 2020, from PLN 18.9 million for the nine months ended 30 September 2019. This change was primarily the result of the increase in profit before income tax in the nine months ended 30 September 2019.

#### *Profit from continuing operations*

Profit from continuing operations increased by PLN 189.6 million to PLN 209.9 million for the nine months ended 30 September 2020, from PLN 20.3 million for the nine months ended 30 September 2019, as a result of the factors described above.

#### *Profit (loss) from discontinued operations*

Loss from discontinued operations amounted to PLN 1.2 million for the nine months ended 30 September 2020, as compared to a profit of PLN 4.2 million for the nine months ended 30 September 2019. The profit of PLN 4.2 million for the nine months ended 30 September 2019 was primarily the result of a favourable decision of a Canadian court in connection with Integer Group's insolvency proceedings for discontinued operations in Canada, based on which the Integer Group received a repayment of PLN 6.8 million. Notwithstanding the profit from discontinued operations recorded over the first nine months of the year ended 31 December 2019, the Integer Group made a loss of PLN 3.2 million over the full twelve months of the year ended 31 December 2019. While several operations were discontinued in the years ended 31 December 2017 and 2016, no further operations have been discontinued since. Most of the costs of winding-up these discontinued operations were incurred in the years ended 31 December 2017 and 2016, but the Integer Group still recognises income and cost from discontinued operations as the winding-up of certain of these discontinued operations in the years ended 31 December 2016 and 2017 are still ongoing. However, the remaining costs of these discontinued operations are not expected to be material (approximately PLN 1 million).

#### *Net profit*

Net profit increased by PLN 184.2 million to PLN 208.7 million for the nine months ended 30 September 2020, from PLN 24.5 million for the nine months ended 30 September 2019, as a result of the factors described above.

#### *Operating EBITDA*

Operating EBITDA increased by PLN 405.6 million, or 176.4%, to PLN 635.6 million for the nine months ended 30 September 2020, from PLN 230.0 million for the nine months ended 30 September 2019, primarily as a result of an increase in revenue, which was partially offset by an increase in operating costs, as described above.

#### *Operating EBITDA Margin*

Operating EBITDA Margin increased by 10.5pp to 37.9% for the nine months ended 30 September 2020, from 27.4% for the nine months ended 30 September 2019. This increase was partially driven by an increase in the share of the APM segment revenue of the Integer Group's total revenue since the Integer Group incurs lower logistics costs per parcel in the APM segment compared to the to-door segment. In addition, the Integer Group benefitted from operating leverage as general costs decreased as a percentage of revenue on the back of parcel volume growth across the segments.



#### Operating EBITDA per geographical area

*Poland:* Operating EBITDA in Poland increased by PLN 406.5 million, or 157.1%, to PLN 665.3 million for the nine months ended 30 September 2020, from PLN 258.8 million for the nine months ended 30 September 2019. This increase was primarily the result of the revenue growth in Integer Group's APM and to-door segment, partially offset by an increase in general costs by PLN 81.7 million, or 57.7%, to support the further growth and development of its business.

*International:* Operating EBITDA for the international segment decreased by PLN 0.9 million, or 3.1%, to a negative Operating EBITDA of PLN 29.7 million for the nine months ended 30 September 2020, from a negative Operating EBITDA PLN 28.8 million for the nine months ended 30 September 2019. Although revenue in the international segment increased, the increase was more than offset by higher logistic costs per parcel as a result of a new contract with one of Integer Group's international courier partners. However, these higher logistic costs will decline if parcel volumes increase, as this new agreement contains an arrangement that lowers the price per parcel when higher parcel volumes are purchased by the Integer Group. Additionally, the increase in revenue was also offset by unfavourable exchange rates between the British Pound and Euro on the one hand and PLN on the other and by making additional investments in general costs (such as sales and marketing) to support the growth of the international segment of the business of Integer Group.

#### ***Comparison of Results of Operations for the Years Ended 31 December 2019 and 2018***

The following discussion sets out the financial performance and certain operating results of the Integer Group on the basis of its audited historical consolidated financial information for the years ended 31 December 2019 and 2018.

#### *Revenue*

Revenue increased by PLN 505.8 million, or 69.7%, to PLN 1,232.0 million for the year ended 31 December 2019, from PLN 726.2 million for the year ended 31 December 2018. This increase was primarily the result of strong growth in parcel volumes in the APM segment on the back of Integer Group's efforts to expand and optimise its APM network, together with increased parcel volumes in the APM segment due to the increasing growth and success of Allegro Smart!. The Integer Group also achieved revenue growth in its to-door segment which was mainly driven by increased parcel volumes, as a result of further market share gains in this segment and e-commerce growth, but also due to Integer Group's ability to increase its prices in the to-door segment. Other sources of revenue, such as revenue from the sale of APMs to third parties, remained largely stable.

#### *Other operating income*

Other operating income decreased by PLN 0.1 million, or 0.9%, to PLN 10.6 million for the year ended 31 December 2019, from PLN 10.7 million for the year ended 31 December 2018. This decrease was mainly the result of receiving less income from regained foreign VAT and overdue liabilities income. This decrease was partially offset by increased income from grants, penalties and receivables recovered.

#### Revenue and other operating income per segment

*APM segment:* Revenue and other operating income in the APM segment increased by PLN 382.6 million, or 97.2%, to PLN 776.4 million for the year ended 31 December 2019, from PLN 393.8 million for the year ended 31 December 2018. This increase was primarily the result of increased parcel volumes by 94.7%, or 50.1 million parcels, in this segment on the back of Integer Group's efforts to expand and optimise its APM network and the success of Allegro Smart!.

*To-door segment:* Revenue and other operating income in the to-door segment increased by PLN 129.5 million, or 44.6%, to PLN 420.1 million for the year ended 31 December 2019, from PLN 290.6 million for the year ended 31 December 2018. This increase was primarily the result of increased parcel volumes handled through Integer Group's to-door services by 37.2%, or 10.9 million parcels, and to a lesser extent due to higher average prices for its to-door services as a result of increasing its pricing in order to bring its to-door price levels more in line with market rates.

*International:* Revenue and other operating income in the international segment decreased by PLN 0.7 million, or 9.1%, to PLN 7.0 million for the year ended 31 December 2019, from PLN 7.7 million for the year ended 31 December 2018. This decrease was driven by lower sales in Italy, but was partly offset by higher sales in the UK.



### *Depreciation and amortisation*

Depreciation and amortisation increased by PLN 75.1 million, or 51.3%, to PLN 221.5 million for the year ended 31 December 2019, from PLN 146.4 million for the year ended 31 December 2018. This increase was primarily the result of an increase in the number of APMs and parcel lockers, and thus an increase in the value of Integer Group's APM network on its balance sheet, as well as increases in operating equipment and sorting machines to handle parcel volume growth. New assets recognised under IFRS 16, related to the APM locations, in the year ended 31 December 2019 resulted in an increase in overall depreciation compared to the year ended 31 December 2018.

### *Raw materials and consumables*

Raw materials and consumables increased by PLN 14.3 million, or 55.2%, to PLN 40.2 million for the year ended 31 December 2019, from PLN 25.9 million for the year ended 31 December 2018. This increase was primarily the result of increased costs for consumables as well as increase in energy costs relating to the expansion of Integer Group's APM network and logistics network (branches). The cost for raw materials and consumables increased at a lower rate relative to the increase in number of APMs and parcel lockers in Integer Group's network during the same period, due to its ability to negotiate lower prices for consumables and increased operational efficiency of its APM and logistics network.

### *External services*

External services increased by PLN 217.4 million, or 46.4%, to PLN 685.6 million for the year ended 31 December 2019, from PLN 468.2 million for the year ended 31 December 2018. This increase was mainly driven by an increased use of external parcel delivery services to handle higher parcel volumes, which resulted in a PLN 178.3 million, or 49.1%, increase of logistics costs within the external services line item. As a percentage of revenue, external services costs declined from 64.5% in the year ended 31 December 2018 to 55.6% in the year ended 31 December 2019, reflecting an increase in the share of APM deliveries in Integer Group's total parcel volumes and benefits from operating leverage as its business grew.

### *Taxes and charges*

Taxes and charges increased by PLN 0.6 million, or 35.3%, to PLN 2.3 million for the year ended 31 December 2019, from PLN 1.7 million for the year ended 31 December 2018. This increase was mainly driven by a growth in non-deductible VAT costs. The other components of taxes and charges remained largely stable.

### *Payroll*

Payroll increased by PLN 40.8 million, or 61.5%, to PLN 107.1 million for the year ended 31 December 2019, from PLN 66.3 million for the year ended 31 December 2018. This increase was primarily driven by the growth of Integer Group's organisation as its business and parcel volumes grew. In order to manage the growth of its business and to replace some of the temporary staff hired in the year ended 31 December 2018 to manage the growth of its business in that year, the Integer Group hired additional employees, including top and second level management, in the year ended 31 December 2019. In addition, the Integer Group hired a large number of employees in the fourth quarter of the year ended 31 December 2018, the payroll costs of which had their full effect in the year ended 31 December 2019 and only partially in the year ended 31 December 2018. As at 31 December 2019, the Integer Group had 2,467 employees, compared to 1,882 employees at 31 December 2018, representing an increase of 585 employees, or 31.1%. As a percentage of revenue, payroll costs declined from 9.1% in the year ended 31 December 2018 to 8.7% in the year ended 31 December 2019, reflecting an improvement in operating leverage as Integer Group's business grew.

Payroll costs increased at a higher rate than costs for external services, even though both cost items are driven by a demand for labour resulting from the growth of Integer Group's business, because the Integer Group increased employee salaries and benefits in the year ended 31 December 2019 in order to attract and retain talent and because of the full remuneration costs effect in the year ended 31 December 2019 of the employees hired in the fourth quarter of the year ended 31 December 2018.

### *Social security and other benefits*

Social security and other benefits increased by PLN 15.3 million, or 122.4%, to PLN 27.8 million for the year ended 31 December 2019, from PLN 12.5 million for the year ended 31 December 2018. This increase was primarily driven by an increase in the number of employees and increases in employee salaries and benefits and higher costs of personnel training.

#### *Other expenses*

Other expenses decreased by PLN 4.0 million, or 26.1%, to PLN 11.3 million for the year ended 31 December 2019, from PLN 15.3 million for the year ended 31 December 2018. This decrease was the result of lower cargo insurance costs, the release of over-accrued cargo insurance costs as a result of these lower insurance costs and a substantial reduction of lost and damaged parcels. The reduction of lost and damaged parcels was the result of an investment in video surveillance, Integer Group's security department and operational process improvements at each stage of the logistics process.

#### *Costs of goods and materials sold*

Costs of goods and materials sold decreased by PLN 13.8 million, or 61.6%, to PLN 8.6 million for the year ended 31 December 2019, from PLN 22.4 million for the year ended 31 December 2018. This decrease was the result of less sales of APMs to third parties.

#### *Other operating expenses*

Other operating expenses increased by PLN 5.4 million, or 70.1%, to PLN 13.1 million for the year ended 31 December 2019, from PLN 7.7 million for the year ended 31 December 2018. This increase was primarily the result of impairment costs and liquidation of assets.

#### *Impairment (gain) loss on trade and other receivables*

Net impairment loss on trade and other receivables decreased by PLN 10.7 million to a gain of PLN 3.5 million for the year ended 31 December 2019, from a loss of PLN 7.2 million for the year ended 31 December 2018. This decrease was the result of a reversal of recorded impairment losses on trade and other receivables.

#### *Total operating expenses*

As a result of the foregoing factors, the total operating expenses of the Integer Group increased by PLN 340.4 million, or 44.0%, to PLN 1,114.0 million for the year ended 31 December 2019, from PLN 773.6 million for the year ended 31 December 2018. This increase was primarily the result of the growth of Integer Group's business, which led to increases in external services and payroll costs.

#### *Operating profit (loss)*

Operating profit (loss) increased by PLN 165.3 million to a profit of PLN 128.6 million for the year ended 31 December 2019, from a loss of PLN 36.7 million for the year ended 31 December 2018. This increase was primarily driven by a substantial increase in revenue which was partially offset by an increase in total operating costs as a result of the growth of Integer Group's business and increased parcel volumes.

#### *Gross Profit*

Gross Profit increased by PLN 273.7 million, or 98.1%, to PLN 552.7 million for the year ended 31 December 2019, from PLN 279.0 million for the year ended 31 December 2018.

#### Gross Profit per segment

*APM segment:* Gross Profit for the APM segment increased by PLN 213.6 million, or 104.0%, to PLN 418.9 million for the year ended 31 December 2019, from PLN 205.3 million for the year ended 31 December 2018. This increase was primarily the result of strong revenue growth driven by increased parcel volumes in this segment, partially offset by a cost increase mainly in external services and payroll, as described above.

*To-door segment:* Gross Profit for the to-door segment increased by PLN 64.1 million, or 150.8%, to PLN 106.6 million for the year ended 31 December 2019, from PLN 42.5 million for the year ended 31 December 2018. This increase was primarily the result of strong revenue growth driven by increased parcel volumes in this segment, partially offset by a cost increase mainly in external services and payroll, as described above.

*International:* Gross Profit for the international segment decreased by PLN 0.9 million, or 13.8%, to a loss of PLN 7.4 million for the year ended 31 December 2019, from a loss of PLN 6.5 million for the year ended 31 December 2018. This increase was primarily the result of decreased revenue in Italy.

#### *Finance income*

Finance income increased by PLN 18.4 million, or 736.0%, to PLN 20.9 million for the year ended 31 December 2019, from PLN 2.5 million for the year ended 31 December 2018. This increase was mainly

driven by favourable exchange rate differences which had an effect on valuation of the credit facility which is denominated in Euro.

#### *Finance costs*

Finance costs increased by PLN 8.4 million, or 15.4%, to PLN 62.8 million for the year ended 31 December 2019, from PLN 54.4 million for the year ended 31 December 2018. This increase was the result of an increase in interest payable under loans (including shareholder loans) as well as an increase in interest expense for leases, which increased by PLN 1.2 million, or 8.9%, to PLN 14.7 million for the year ended 31 December 2019 (of which PLN 6.2 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16) from PLN 13.5 million for the year ended 31 December 2018 (of which PLN 4.0 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16) .

#### *Profit (loss) before tax*

Profit before tax increased by PLN 175.3 million to a profit of PLN 86.7 million for the year ended 31 December 2019, from a loss of PLN 88.6 million for the year ended 31 December 2018, as a result of the factors described above.

#### *Income tax expense (benefit)*

Income tax expense (benefit) increased by PLN 121.6 million to an income tax charge of PLN 32.7 million for the year ended 31 December 2019, from an income tax credit of PLN 88.9 million for the year ended 31 December 2018. This change was primarily the result of the increase in profit before income tax and also deferred tax assets recognition as at 31 December 2018.

#### *Profit (loss) from continuing operations*

Profit (loss) from continuing operations increased by PLN 53.7 million to PLN 54.0 million for the year ended 31 December 2019, from PLN 0.3 million for the year ended 31 December 2018, as a result of the factors described above.

#### *Loss from discontinued operations*

Loss from discontinued operations decreased by PLN 11.9 million, or 78.8%, to PLN 3.2 million for the year ended 31 December 2019, from PLN 15.1 million for the year ended 31 December 2018, mainly because no further operations were discontinued in the years ended 31 December 2019 and 2018, while several operations were discontinued in the years ended 31 December 2017 and 2016 with most of the corresponding costs being incurred in the years ended 31 December 2017 and 2016 and to a lesser extent in the year ended 31 December 2018. Although no further operations were discontinued in the years ended 31 December 2019 and 2018, the Integer Group still reported a loss in the year ended 31 December 2019 as the winding-up of some of the discontinued operations in the years ended 31 December 2016 and 2017 continued into the year 31 December 2019 albeit with a less material impact than in the year ended 31 December 2018.

#### *Net profit (loss)*

Net loss decreased by PLN 65.6 million to a profit of PLN 50.8 million for the year ended 31 December 2019, from a loss of PLN 14.8 million for the year ended 31 December 2018, as a result of the factors described above.

#### *Operating EBITDA*

Operating EBITDA increased by PLN 240.4 million, or 219.1%, to PLN 350.1 million for the year ended 31 December 2019, from PLN 109.7 million for the year ended 31 December 2018, primarily as a result of the increase in revenue described above, which was partially offset by an increase in operating costs, as described above.

#### *Operating EBITDA Margin*

Operating EBITDA Margin increased by 13.3pp to 28.2% for the year ended 31 December 2019, from 14.9% for the year ended 31 December 2018. This increase was partially driven by an increase in the share of the APM segment revenue of the Integer Group's total revenue since the Integer Group incurs lower logistics costs per parcel in the APM segment compared to the to-door segment. In addition, the Integer Group benefitted from operating leverage as general costs decreased as a percentage of revenue on the back of parcel volume growth across the segments.

#### Operating EBITDA per geographical area

*Poland:* Operating EBITDA in Poland increased by PLN 240.9 million, or 178.8%, to PLN 375.6 million for the year ended 31 December 2019, from PLN 134.7 million for the year ended 31 December 2018, primarily as a result of the increase in the Gross Profit in the APM segment by PLN 213.6 million, to-door segment by PLN 64.1 million and the increase of general costs by PLN 33.2 million.

*International:* Operating EBITDA for the international segment decreased by PLN 0.5 million, or 2.0%, to a negative Operating EBITDA of PLN 25.5 million for the year ended 31 December 2019, from a negative Operating EBITDA of PLN 25.0 million for the year ended 31 December 2018, primarily as a result of lower Operating EBITDA in Italy, partially offset by higher Operating EBITDA in the UK.

#### ***Comparison of Results of Operations for the Years Ended 31 December 2018 and 2017***

The following discussion sets out the financial performance and certain operating results of the Integer Group on the basis of its audited historical consolidated financial information for the years ended 31 December 2018 and 2017.

#### *Revenue*

Revenue increased by PLN 243.7 million, or 50.5%, to PLN 726.2 million for the year ended 31 December 2018, from PLN 482.5 million for the year ended 31 December 2017.

This increase was primarily the result of increased parcel volumes in the APM segment, on the back of Integer Group's efforts to expand and optimise its APM network, together with increased parcel volumes in the APM segment due to the growth of Allegro's Smart Programme. The Integer Group also achieved revenue growth in its to-door segment which was mainly the result of increased parcel volumes and due to its ability to increase its prices in the to-door segment. These increases were offset in part by decreased revenue from the sale of APMs to third parties, which was the result of Integer Group's decision to focus its resources on developing its APM and to-door services on the Polish market and implementing a new strategy on international markets (see "*Business Overview – Strategy Overview*"). As part of this new strategy, the Integer Group no longer actively pursued manufacturing contracts with third parties, which led to lower numbers of APMs manufactured for sale to third parties and to the manufacturing capacity of the Integer Group mainly being used for its own growing demand for APMs. Other sources of revenue remained largely stable.

#### *Other operating income*

Other operating income decreased by PLN 3.9 million, or 26.7%, to PLN 10.7 million for the year ended 31 December 2018, from PLN 14.6 million for the year ended 31 December 2017. This decrease was mainly due to a one-off reversal of impairment provisions recognised in the year ended 31 December 2017, while the other components of other operating revenue remained largely stable.

#### Revenue and other operating income per segment

*APM segment:* Revenue and other operating income in the APM segment increased by PLN 147.9 million, or 60.1%, to PLN 393.8 million for the year ended 31 December 2018, from PLN 245.9 million for the year ended 31 December 2017. This increase was driven by increased parcel volumes in the APM segment on the back of Integer Group's efforts to expand and optimise its APM network and the success of Allegro Smart!.

*To-door segment:* Revenue and other operating income in the to-door segment increased by PLN 103.2 million, or 55.1%, to PLN 290.6 million for the year ended 31 December 2018, from PLN 187.4 million for the year ended 31 December 2017. This increase was primarily the result of increased parcel volumes handled through Integer Group's to-door services and to a lesser extent due to higher average prices for its to-door services as a result of increasing its pricing in order to bring its to-door price levels more in line with market rates.

*International:* Revenue and other operating income in the international segment remained relatively stable between 2017 and 2018, the change was by PLN 0.2 million, or 2.5%, to PLN 7.7 million for the year ended 31 December 2018, from PLN 7.9 million for the year ended 31 December 2017.

#### *Depreciation and amortisation*

Depreciation and amortisation increased by PLN 62.8 million, or 75.1%, to PLN 146.4 million for the year ended 31 December 2018, from PLN 83.6 million for the year ended 31 December 2017. This increase was primarily the result of an increase in the number of APMs and parcel lockers, and thus an increase in

the value of Integer Group's APM network on its balance sheet, as well as increases in operating equipment and sorting machines to handle parcel volume growth. Additionally, an amount of PLN 43.9 million in depreciation and amortisation was recorded due to Integer Group's adoption of IFRS 16 in the year ended 31 December 2018.

#### *Raw materials and consumables*

Raw materials and consumables decreased by PLN 10.0 million, or 27.9%, to PLN 25.9 million for the year ended 31 December 2018, from PLN 35.9 million for the year ended 31 December 2017. This decrease was primarily the result of a decrease in costs of raw materials used for manufacturing APMs which are sold to third parties, which was partially offset by an increase in materials and energy costs in other business processes, mainly in Integer Group's APM and to-door segments.

#### *External services*

External services increased by PLN 134.7 million, or 40.4%, to PLN 468.2 million for the year ended 31 December 2018, from PLN 333.5 million for the year ended 31 December 2017. This increase was mainly driven by the increase of subcontractors in the logistics business, additional line haul services and more temporary staff to process higher parcel volumes in the branches and sorting hubs as a result of the growth of Integer Group's business, which resulted in an increase of PLN 114.7 million, or 46.2%, in logistics costs within the external services line item.

As a percentage of revenue, external services costs declined from 69.1% in the year ended 31 December 2017 to 64.5% in the year ended 31 December 2018, reflecting benefits from operating leverage as the business of the Integer Group grew and its APM network expanded.

#### *Taxes and charges*

Taxes and charges increased by PLN 0.2 million, or 13.3%, to PLN 1.7 million for the year ended 31 December 2018, from PLN 1.5 million for the year ended 31 December 2017. This increase was mainly driven by a growth in non-deductible VAT costs. The other components of taxes and charges remained largely stable.

#### *Payroll*

Payroll increased by PLN 6.0 million, or 10.0%, to PLN 66.3 million for the year ended 31 December 2018, from PLN 60.3 million for the year ended 31 December 2017. This increase was primarily driven by an increase in the number of employees to support the growth of Integer Group's business, as well as an increase in salaries. However, payroll costs increased at a lower rate than parcel volumes, due to an increased use of external service providers for the first and last mile of Integer Group's logistics process and an increased use of temporary staff for parcel sorting, which is recorded as external services costs. This temporary staff hired in the year ended 31 December 2018 was partly replaced by permanent employees hired in the last quarter of the year ended 31 December 2018 and in the year ended 31 December 2019. As at 31 December 2018, the Integer Group had 1,882 employees, compared to 1,655 employees at 31 December 2017, representing an increase of 227 employees, or 13.8%. As a percentage of revenue, payroll costs declined from 12.5% in the year ended 31 December 2017 to 9.1% in the year ended 31 December 2018, reflecting an improvement in operating leverage as the business of the Integer Group grew.

#### *Social security and other benefits*

Social security and other benefits decreased by PLN 0.3 million, or 2.3%, to PLN 12.5 million for the year ended 31 December 2018, from PLN 12.8 million for the year ended 31 December 2017. This decrease was primarily driven by a decrease in costs for other benefits such as holiday pay accrual, but partially offset as a result of higher social insurance contributions resulting from employee salary increases.

#### *Other expenses*

Other expenses increased by PLN 7.6 million, or 98.7%, to PLN 15.3 million for the year ended 31 December 2018, from PLN 7.7 million for the year ended 31 December 2017. This increase was mainly the result of an increase in cargo insurance premiums, which was partially driven by increased parcel volumes but also by an increase in lost and damaged parcels during the first half of the year ended 31 December 2018. Lower insurance premiums were subsequently agreed with the insurance company in the year ended 2019 as a result of decrease in parcel losses in the second half of the year, but only after approval of the financial statements for the year ended 31 December 2018. The release of over-accrued premiums has been recorded in the financial statements for the year ended 31 December 2019.



#### *Costs of goods and materials sold*

Costs of goods and materials sold increased by PLN 12.6 million, or 128.6%, to PLN 22.4 million for the year ended 31 December 2018, from PLN 9.8 million for the year ended 31 December 2017. This increase was the result of increased sales of APMs to third parties not produced by the Integer Group but purchased from subcontractors.

#### *Other operating expenses*

Other operating expenses decreased by PLN 3.7 million, or 32.5%, to PLN 7.7 million for the year ended 31 December 2018, from PLN 11.4 million for the year ended 31 December 2017. This decrease was primarily the result of decreased penalties and court costs.

#### *Impairment (gain) loss on trade and other receivables*

Net impairment loss on trade and other receivables increased by PLN 1.4 million, or 24.1%, to PLN 7.2 million for the year ended 31 December 2018, from PLN 5.8 million for the year ended 31 December 2017. This increase was the result of the fact that the Integer Group collected less of its trade receivables.

#### *Total operating expenses*

Total operating expenses increased by PLN 211.3 million, or 37.6%, to PLN 773.6 million for the year ended 31 December 2018, from PLN 562.3 million for the year ended 31 December 2017. This increase was primarily the result of the growth of Integer Group's business, which led to increases in external services and depreciation and amortisation costs, as described above.

#### *Operating profit (loss)*

As a result of the factors described above, operating loss decreased by PLN 28.5 million to a loss of PLN 36.7 million for the year ended 31 December 2018, from a loss of PLN 65.2 million for the year ended 31 December 2017.

#### *Gross Profit*

Gross Profit increased by PLN 138.2 million, or 98.2%, to PLN 279.0 million for the year ended 31 December 2018, from PLN 140.8 million for the year ended 31 December 2017.

#### Gross Profit per segment

*APM segment:* Gross Profit for the APM segment increased by PLN 95.2 million, or 86.5%, to PLN 205.3 million for the year ended 31 December 2018, from PLN 110.1 million for the year ended 31 December 2017. This increase was primarily the result of strong revenue growth across the segment driven by increased parcel volumes, partially offset by a cost increase mainly in external services and depreciation and amortisation, as described above.

*To-door segment:* Gross Profit for the to-door segment increased by PLN 29.1 million, or 217.2%, to PLN 42.5 million for the year ended 31 December 2018, from PLN 13.4 million for the year ended 31 December 2017. This increase was primarily the result of strong revenue growth across the segment driven by increased parcel volumes, partially offset by a cost increase mainly in external services and depreciation and amortisation, as described above.

*International:* Gross Profit for the international segment increased by PLN 10.1 million, or 60.8%, to a loss of PLN 6.5 million for the year ended 31 December 2018, from loss of PLN 16.6 million for the year ended 31 December 2017. This increase was primarily driven by decreased costs for logistics and Integer Group's APM network in this segment, as a result of strategic changes in the international markets (especially in the UK) after Advent's investment in the year ended 31 December 2017.

#### *Finance income*

Financial income decreased by PLN 5.7 million, or 69.5%, to PLN 2.5 million for the year ended 31 December 2018, from PLN 8.2 million for the year ended 31 December 2017. This decrease was primarily the result of one-off long-term receivable discounts related to long-term receivables from APM sales in the year ended 31 December 2017 and a decrease in other finance income such as income resulting from reversal of financial asset impairment, partially offset by favourable exchange rate differences.



### *Finance costs*

Finance costs increased by PLN 7.7 million, or 16.5%, to PLN 54.4 million for the year ended 31 December 2018, from PLN 46.7 million for the year ended 31 December 2017. This increase was primarily the result of an increase in interest on loans resulting from a refinancing in which a loan from a consortium of banks was refinanced by shareholder loans, and to a lesser extent the result of higher interest expenses for leases, which increased by PLN 5.5 million, or 68.8%, to PLN 13.5 million for the year ended 31 December 2018 (of which PLN 4.0 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16) from PLN 8.0 million for the year ended 31 December 2017.

### *Profit (loss) before tax*

Loss before taxation decreased by PLN 14.5 million to a loss of PLN 88.6 million for the year ended 31 December 2018, from a loss of PLN 103.1 million for the year ended 31 December 2017, as a result of the factors described above.

### *Income tax expense (benefit)*

Income tax expense decreased by PLN 95.4 million to an income tax credit of PLN 88.9 million for the year ended 31 December 2018, from an income tax charge of PLN 6.5 million for the year ended 31 December 2017. This change was the result of the recognition of deferred tax assets on tax losses carried forward in Poland.

### *Profit (loss) from continuing operations*

Profit from continuing operations increased by PLN 109.9 million to PLN 0.3 million for the year ended 31 December 2018, from a loss of PLN 109.6 million for the year ended 31 December 2017, as a result of the factors described above.

### *Loss from discontinued operations*

Loss from discontinued operations decreased by PLN 87.1 million, or 85.2%, to PLN 15.1 million for the year ended 31 December 2018, from PLN 102.2 million for the year ended 31 December 2017, mainly because no further operations were discontinued in the year ended 31 December 2018 while several operations were discontinued in the years ended 31 December 2017 and 2016. Although no further operations were discontinued in the year ended 31 December 2018, the Integer Group still reported a loss as the winding-up of the discontinued operations in the years ended 31 December 2016 and 2017 continued in the year ended 31 December 2018.

### *Net profit (loss)*

Net loss decreased by PLN 197.0 million, or 93.0%, to a loss of PLN 14.8 million for the year ended 31 December 2018, from a loss of PLN 211.8 million for the year ended 31 December 2017, as a result of the factors described above.

### *Operating EBITDA*

Operating EBITDA increased by PLN 91.3 million, or 496.2%, to PLN 109.7 million for the year ended 31 December 2018, from PLN 18.4 million for the year ended 31 December 2017, primarily as a result of substantial growth in revenue, which was partially offset by an increase in operating costs, as described above.

### *Operating EBITDA Margin*

Operating EBITDA Margin increased by 11.2pp to 14.9% for the year ended 31 December 2018, from 3.7% for the year ended 31 December 2017. This increase was partially driven by an increase in the share of the APM segment revenue of the Integer Group's total revenue since the Integer Group incurs lower logistics costs per parcel in the APM segment compared to the to-door segment. In addition, the Integer Group benefitted from operating leverage as general costs decreased as a percentage of revenue on the back of parcel volume growth across the segments.

### Operating EBITDA per geographical area

*Poland:* Operating EBITDA in Poland increased by PLN 81.0 million, or 150.8%, to PLN 134.7 million for the year ended 31 December 2018, from PLN 53.7 million for the year ended 31 December 2017, primarily as a result of increase in the APM segment Gross Profit by PLN 95.2 million, increase in the to-door segment Gross Profit by PLN 29.1 million and increase in general costs by PLN 47.0 million.

*International:* Operating EBITDA for the international segment increased by PLN 10.3 million, or 29.2%, to a negative Operating EBITDA of PLN 25.0 million for the year ended 31 December 2018, from a negative Operating EBITDA of PLN 35.3 million for the year ended 31 December 2017, primarily as a result of increased Operating EBITDA in both the UK and Italy.

## Liquidity and Capital Resources

Integer Group's principal sources of liquidity have been cash flow from operating activities and proceeds from loans and borrowings. The primary liquidity and capital resource needs of the Integer Group are to finance working capital and capital expenditures.

### Cash Flow

The table below summarises the consolidated cash flow of the Integer Group for the periods indicated. The table should be read in conjunction with the accompanying notes of the Financial Statements included elsewhere in this Prospectus.

	Year ended 31 December			Nine months ended 30 September	
	2019	2018	2017	2020	2019
	<i>(in PLN millions)</i>				
Net cash generated from (used in)					
operating activities .....	292.8	(18.9)	(43.8)	516.5	190.6
Net cash used in investing activities...	(286.9)	(120.0)	(100.3)	(372.0)	(210.9)
Net cash generated from (used in)					
financing activities .....	46.3	73.3	247.7	(155.3)	93.4

#### *Net cash generated from (used in) operating activities*

Net cash generated from (used in) operating activities consists of cash received from customers and cash paid to suppliers and employees, calculated based on indirect methods. Net cash generated from (used in) operating activities also includes tax and interest.

Net cash inflow from operating activities was PLN 516.5 million in the nine months ended 30 September 2020, an increase of PLN 325.9 million compared to net cash inflow from operating activities of PLN 190.6 million in the nine months ended 30 September 2019. This increase was primarily the result of an increase in operating profit supported by favourable impact of changes in working capital, partially offset by increased income tax and loan and lease interest payments. The interest payments on loans increased by PLN 24.2 million, or 112.6%, to PLN 45.7 million in the nine months ended 30 September 2020 from PLN 21.5 million in the nine months ended 30 September 2019. The interest payments on leases increased by PLN 4.0 million, or 44.4%, to PLN 13.0 million in the nine months ended 30 September 2020 (of which PLN 10.5 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16) from PLN 9.0 million in the nine months ended 30 September 2019 (of which PLN 4.5 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16).

Net cash inflow from operating activities was PLN 292.8 million in the year ended 31 December 2019, an increase of PLN 311.7 million compared to net cash outflow from operating activities of PLN 18.9 million in the year ended 31 December 2018. This increase was primarily the result of an increase in operating profit supported by an increase in depreciation and a favourable impact of changes in working capital.

Net cash outflow used in operating activities was PLN 18.9 million in the year ended 31 December 2018, a decrease of PLN 24.9 million compared to net cash outflow used in operating activities of PLN 43.8 million in the year ended 31 December 2017. This decrease was primarily due to increase in operating profit partially offset by the negative changes in working capital.

#### *Net cash used in investing activities*

Net cash used in investing activities consists of cash outflows for purchasing tangible and intangible assets and cash inflows generated on sale of tangible and intangible assets as well as assets held for sale.

Net cash outflow used in investing activities was PLN 372.0 million in the nine months ended 30 September 2020, an increase of PLN 161.1 million compared to net cash outflow used in investing activities of PLN 210.9 million in the nine months ended 30 September 2019. This increase was primarily the result of additional cash outflows for the development of Integer Group's APM network in Poland and the UK, as well as for additional investments in the development of its operational logistics network in Poland.

Net cash outflow used in investing activities was PLN 286.9 million in the year ended 31 December 2019, an increase of PLN 166.9 million compared to net cash outflow used in investing activities of PLN 120.0 million in the year ended 31 December 2018. This increase was primarily due to capital expenditures incurred due to the development of the logistics and APM network in Poland in the year ended 31 December 2019.

Net cash outflow used in investing activities was PLN 120.0 million in the year ended 31 December 2018, an increase of PLN 19.7 million compared to net cash outflow used in investing activities of PLN 100.3 million in the year ended 31 December 2017. This increase was primarily due to prepayments for the production for the year ended 31 December 2018 that needed to be made in the year ended 31 December 2017 as a result of a change of investor.

#### *Net cash generated from financing activities*

Net cash generated from financing activities consists mainly of inflows and outflows from loans and borrowings, issue or repayment of debt financial instruments, finance lease agreements, issue of share capital and subsidies.

Net cash outflow from financing activities amounted to PLN 155.3 million in the nine months ended 30 September 2020, compared to a net cash inflow from financing activities of PLN 93.4 million in the nine months ended 30 September 2019. This change was primarily the result of lower inflows from loans and borrowings and a PLN 144.2 million outflow for lease liabilities (of which PLN 118.3 million consisted of expenses on leases that were classified as such as a result of the implementation of IFRS 16), as well as the result of an outflow of PLN 73.1 million to Integer Group's majority shareholder due to a redemption of shares in the nine months ended 30 September 2020 following a resolution of the general meeting of Integer.pl S.A. of 26 March 2020.

Net cash inflow from financing activities amounted to PLN 46.3 million in the year ended 31 December 2019, a decrease of PLN 27.0 million compared to net cash inflow from financing activities of PLN 73.3 million in the year ended 31 December 2018. This decrease was primarily due to a PLN 136.5 million outflow related to leasing contracts resulting mainly from the adoption of IFRS 16 (PLN 91.7 million of cash outflow related to leases that were classified as such as a result of the implementation of IFRS 16), partially offset by increased proceeds from borrowings.

Net cash inflow from financing activities was PLN 73.3 million in the year ended 31 December 2018, a decrease of PLN 174.4 million compared to net cash inflow from financing activities of PLN 247.7 million in the year ended 31 December 2017. This decrease was primarily due to cash inflows from an issuance of shares in the year ended 31 December 2017.

### Net Working Capital

The following table sets out the reconciliation of Net Working Capital to the statement of financial position of the Integer Group as of the dates indicated.

	As at 31 December			As at
	2019	2018	2017	30 September 2020
	(in PLN millions)			
Other receivables (non-current).....	3.2	5.9	6.3	2.5
Inventories .....	2.2	2.2	2.0	5.1
Trade and other receivables.....	215.8	180.1	155.5	290.5
Other assets (current).....	28.6	22.9	38.6	77.0
Other liabilities (non-current).....	—	(0.1)	(0.2)	—
Trade and other payables .....	(191.3)	(162.3)	(203.5)	(248.5)
Employee benefits and provisions.....	(18.8)	(15.9)	(21.1)	(31.1)
Other liabilities (current) .....	(30.3)	(20.4)	(20.5)	(124.4)
<b>Net Working Capital .....</b>	<b>9.4</b>	<b>12.4</b>	<b>(42.9)</b>	<b>(28.9)</b>

At 30 September 2020, 31 December 2019, 2018 and 2017, the Net Working Capital of the Integer Group amounted to PLN (28.9) million, PLN 9.4 million, PLN 12.4 million and PLN (42.9) million, respectively. During the periods under discussion, the Integer Group has benefitted from relatively low Net Working Capital requirements, partially due to improvements in its receivables management processes, including the utilisation of factoring lines, and the reduction of average collection times. In order to secure its Net Working Capital position, the Integer Group had access to overdraft facilities with its lenders although there has been no need to utilise these facilities during the periods under discussion. The Integer Group calculates Net Working Capital as the sum of inventories, trade and other receivables, other current assets and non-current other receivables minus trade and other payables, employee benefits and provisions (current), other liabilities (current and non-current liabilities).

The seasonality in the revenue of the Integer Group translates into seasonality of its Net Working Capital requirements, with peaks from mid-November, starting around Black Friday, through the end of December representing the end-of-year holiday peak-shopping season and in March or April due to the Easter period.

### Indebtedness

The following table provides an overview of Integer Group's non-current and current loans and borrowings as at the end of the periods indicated:

	As at 31 December			As at
	2019	2018	2017	30 September 2020
	(in PLN millions)			
<b>Non-current loans and borrowings.....</b>	<b>613.3</b>	<b>398.3</b>	<b>196.7</b>	<b>690.8</b>
Loans from related parties.....	613.3	398.3	—	658.1
Bank loans .....	—	—	196.7	32.7 <sup>(1)</sup>
<b>Current loans and borrowings.....</b>	<b>4.9</b>	<b>39.7</b>	<b>58.2</b>	<b>24.4</b>
Loans from related parties.....	4.9	—	23.7	—
Bank loans .....	—	—	18.5	12.9 <sup>(1)</sup>
Overdraft.....	—	39.7	16.0	11.5

(1) Liabilities resulted from collateralised borrowing transactions secured with automated parcel machines, sorters and IT equipment.

The Integer Group typically relies on long-term credit facilities for external capital, provided currently through the Existing Senior Facilities under the Existing Senior Facilities Agreement (see “– *Indebtedness – Banking Facilities*”). The proceeds of the loans under the Existing Senior Facilities have previously been drawn by BidCo and then on-lent to the Integer Group in the form of shareholder loans “– *Indebtedness – Related Party Loans*”. The Integer Group’s non-current borrowings are used for the financing of capital expenditure. The Integer Group’s current borrowings are mainly used for the financing of working capital and capital expenditure. Additionally, the Integer Group has factoring agreement arrangements in place with ING Commercial Finance Polska S.A., providing additional financing for working capital.

### ***Related Party Loans***

As at the date of this Prospectus, Integer.pl is the borrower of three interest-bearing loans owed to its sole shareholder, Bidco. These are proceeds loans used to on-lend the third party financing provided to Bidco under the Existing Senior Facilities Agreement. As at 30 September 2020 the outstanding principal, accrued but unpaid interest and amortised cost valuation was EUR 23.0 million, EUR 74.0 million and PLN 219.3 million, respectively. It is envisaged that all amounts outstanding under such loans will be repaid in full pursuant to the Refinancing and Reorganisation Transactions (see “*Selling Shareholders and Related Party Transactions – Other Related Party Transactions – Reorganisation*” for an overview of such transactions).

### ***Margin Loan***

AI Prime may raise additional financing from certain banks and financial institutions (the “**ML Lenders**”) through a margin loan facility (the “**Margin Loan**”) to be documented by way of an English law margin loan facility agreement (the “**Margin Loan Agreement**”). As collateral for the Margin Loan, AI Prime would provide security to the ML Lenders in respect of: (i) the securities account holding the Shares held by AI Prime (subject to any exclusions from the requirement to pledge Shares as agreed with the ML Lenders) as at the First Trading Date; and (ii) the cash account into which all distributions in respect of those Shares would be paid. In accordance with the typical structure of these margin loans, AI Prime would be required to maintain a certain loan-to-value ratio which, if it were to rise above certain percentage thresholds, would trigger the requirement for additional collateral to be provided to the ML Lenders by way of further Shares, posting cash collateral or otherwise. In addition AI Prime’s ability to dispose of shares and make payments to its shareholders would be conditional on the loan to value ratio not exceeding certain percentage thresholds. The Margin Loan would be drawn shortly following the First Trading Date and terminate on the date falling three years from the date of first utilisation of the Margin Loan.

### ***Banking Facilities***

The Company intends to refinance all existing indebtedness under the Existing Senior Facilities Agreement (as described below) in connection with the Offering. The Company intends to refinance the Existing Senior Facilities on or around 1 February 2021 using the proceeds of a drawdown from the New Facilities (as described below).

#### ***The Existing Senior Facilities***

On 13 September 2018, AI Prime (Luxembourg) Bidco S.à r.l. (the “**Existing Senior Facilities Borrower**”) and Integer.pl S.A. each as borrower and guarantor and AI Prime as third party security provider, among others, entered into: (i) an English law governed senior term and revolving facilities agreement with, among others, mBank S.A., as facility agent and security agent (as amended and restated on 10 September 2019 and 28 February 2020, the “**Existing Senior Facilities Agreement**”); and (ii) an English law governed intercreditor agreement with, among others, mBank S.A., as facility agent and security agent (the “**Existing Intercreditor Agreement**”).

#### ***The Existing Senior Facilities Agreement***

The term loan facilities under the Existing Senior Facilities Agreement comprise (i) an EUR 125.0 million term facility (“**Facility B1**”) initially drawn by Bidco on 27 September 2018, (ii) an EUR 173.0 million term facility initially drawn by Bidco on 20 September 2019 (“**Facility B2**”) and (iii) an EUR 118.0 million term facility drawn in full by Bidco on 20 March 2020 (“**Facility B3**” and, collectively with Facility B1 and Facility B2, “**Facility B**”). Facility B is repayable in one bullet repayment on 27 March 2024, being the date falling 66 months after the first date of utilisation under the Existing Senior Facilities Agreement (the “**Closing Date**”). The revolving credit facilities under the Existing Senior Facilities Agreement comprise a PLN 250.0 million revolving credit facility with a termination date of 27 September 2023, being the date falling 60 months after the Closing Date (the “**RCF**” and, together with Facility B, the



“**Existing Senior Facilities**”). On 7 April 2020, a portion of Facility B3 in an amount equal to the EUR amount equivalent to PLN 220.0 million was redenominated from EUR into PLN.

The original purpose of Facility B1 was to refinance existing debt, fund cash on the balance sheet of certain Group entities for general corporate purposes and payment of related fees, costs and expenses. The purpose of both Facility B2 and Facility B3 was the payment of one or more distributions to any direct or indirect shareholders of the Existing Senior Facilities Borrower, together with any related fees, costs and expenses. The purpose of the RCF was to finance general corporate purposes of certain Group entities (including, without limitation, capital expenditure, permitted acquisitions, joint ventures and/or capital expenditure, refinancing existing debt and funding related fees, costs and expenses).

The Existing Senior Facilities bear interest at a rate per annum equal to EURIBOR (or WIBOR or LIBOR, as applicable) (in each case subject to a zero floor) and an initial margin of: (i) in relation to Facility B (other than the portion of Facility B3 which is denominated in PLN), 6.50% per annum, (ii) in relation to the portion of Facility B3 which is denominated in PLN, 8.00% per annum with no WIBOR component for a period of 18 months from 28 February 2020 and thereafter 6.50% per annum (the “**Applicable Facility B3 (PLN) Margin**”) and (iii) in relation to the RCF, 2.50% per annum, provided that if certain conditions set out in the Existing Senior Facilities Agreement are satisfied, the margin will be determined by reference to a Leverage Ratio (as defined therein) as follows:

<b>Leverage Ratio</b>	<b>RCF Margin</b>	<b>Facility B1, Facility B2 and the EUR-denominated portion of Facility B3</b>		<b>PLN-denominated portion of Facility B3</b>
	<i>(% per annum)</i>	<i>(% per annum)</i>	<i>(% per annum)</i>	
Greater than 2.80:1.....	2.50	6.50		Applicable Facility B3 (PLN) Margin
Less than or equal to 2.80:1 but greater than 2.30 .....	2.25	6.25		Applicable Facility B3 (PLN) Margin – 0.25
Less than or equal to 2.30 .....	2.10	6.25		Applicable Facility B3 (PLN) Margin – 0.25

Default interest on overdue amounts is set at 1% higher than that which would have applied otherwise.

#### *Incremental Facilities*

The Existing Senior Facilities Agreement enables the Existing Senior Facilities Borrower to add one or more additional facilities (i.e., an incremental facility) thereunder at any time without the consent of any lender provided that certain conditions specified in the Existing Senior Facilities Agreement are satisfied.

#### *Mandatory Prepayment Events*

The Existing Senior Facilities Agreement requires mandatory prepayment in certain circumstances, including prepayment upon a change of control (defined as the current shareholders ceasing to own and control more than 50% of the Existing Senior Facilities Borrower, or, following a listing of the Existing Senior Facilities Agreement or any subsidiary or holding company, more than 30%), the occurrence of a sale of all or substantially all of the assets of the Group and prepayment from disposal and insurance proceeds (subject to certain conditions and exceptions), as well as prepayment upon the occurrence of a listing which does not result in a change of control (subject to certain conditions and exceptions).

In the case of the occurrence of a change of control or a sale (in a single transaction or a series of related transactions) of all or substantially all of the assets of the Existing Senior Facilities Borrower and its subsidiaries, the Existing Senior Facilities Borrowers required to notify the relevant facility agent about the occurrence of such an event and the relevant facility agent shall promptly notify the relevant lenders of the receipt of such notice. If a lender so requires and notifies the relevant facility agent within 20 business days of the Existing Senior Facilities Borrower notifying the relevant facility agent of such an event, the facility agent will, by giving five business days’ notice to the Existing Senior Facilities Borrower, cancel the commitments of that lender and all outstanding loans and letters of credit, together with accrued interest and all other amounts accrued under the Existing Senior Facilities Agreement and any related finance documents, shall become immediately due and payable at the end of such notice period.

Upon the occurrence of a listing of the Existing Senior Facilities Borrower or any subsidiary or holding company not resulting in a change of control, the Existing Senior Facilities Borrower is required to ensure that outstanding loans are prepaid at levels of 50%, 25% and 0% of the net proceeds of such listing in accordance with a ratchet set by reference to the applicable leverage ratio of the Existing Senior Facilities Borrower and its subsidiaries as at the date of testing of the leverage ratio.

#### *Security*

The facilities under the Existing Senior Facilities Agreement are secured by a common security package established in favor of mBank S.A. acting as the Security Agent under the Existing Intercreditor Agreement consisting of security interests customary for this type of transaction and including, amongst other things, pledges over the shares of the Existing Senior Facilities Borrower and Integer.pl S.A. as borrowers and guarantors and InPost Sp. z o.o, InPost Paczkomaty sp. z o.o, InPost Finanse sp. z o.o. (liquidated) and Integer Group Services sp. z o.o. as guarantors, assignments of certain intra group loan receivables, pledges over certain material bank accounts and customary all-asset security in respect of any guarantors incorporated in England and Wales.

#### *New Facilities*

On or around the date hereof, the Company intends to enter into a commitment letter with, *inter alia*, Barclays, BNP Paribas, CGME, Goldman Sachs, ING, J.P. Morgan, mBank S.A. and Bank Pekao, as mandated lead arrangers or, in each case, affiliates of such entities (the “**Mandated Lead Arrangers**”), providing commitments for (i) a PLN 1,950.0 million term loan facility (the “**New Term Loan**”) and (ii) a PLN 800.0 million (equivalent) multi-currency revolving credit facility (the “**New RCF**” and together with the New Term Loan, the “**New Facilities**”). The terms of the New Facilities as described herein are subject to negotiation, documentation and execution of the New Facilities Agreement (as such term is defined below).

#### *New Facilities Agreement*

On or around the date of Admission, the Company intends to enter into the New Facilities by executing an English law governed facilities agreement with, *inter alia*, a facility agent and security agent named therein, the Mandated Lead Arrangers, and the other financial institutions party thereto (the “**New Facilities Agreement**”, together with the Existing Senior Facilities Agreement referred to as the “**Facilities Agreements**”).

The termination date for the New Term Loan will be five years from the date of first utilization. The New Term Loan is to be repayable by a bullet repayment on the termination date. The termination date for the New RCF will be five years from the date of first utilization. Commitments under the New RCF will be available to take the form of cash loans, ancillary facilities and letters of credit.

Pursuant to the New Facilities Agreement, the Company shall be permitted to use the borrowings under the New Term Loan towards (directly or indirectly) (a) refinancing the Existing Senior Facilities (including shareholder loans and preference shares) and paying any related breakage costs, redemption premium, make-whole costs and other fees, costs and expenses payable in connection with such refinancing (b) the payment of fees, costs and expenses arising in connection with the Offering, operational restructuring of the Group or permitted reorganisations, working capital related adjustments (however structured) relating to or arising in connection with the Offering and/or (c) financing or refinancing of the working capital requirements and/or the general corporate purposes of the Group.

The New Facilities Agreement will permit the Company to use amounts borrowed under the New RCF towards (directly or indirectly) the direct or indirect financing or refinancing of the working capital requirements and/or the general corporate purposes of the Group.

It is intended that the full amount of borrowings available under the New Term Loan will be drawn and will be applied to the repayment and discharge in full of all indebtedness outstanding under the Existing Senior Facilities Agreement. In connection with the repayment of the Existing Senior Facilities, the Group will pay an early repayment fee of approximately EUR 6.5 million. The Group will pay arrangement fees of approximately PLN 29 million in connection with the New Facilities Agreement. See “*Reasons for the Offering and Use of Proceeds*” and “*Capitalisation and Indebtedness*”.

The New Facilities will initially bear interest at a rate per annum equal to WIBOR (or EURIBOR or LIBOR, as applicable) (in each case subject to zero floor) and an initial margin of: (i) in relation to the New Term Loan, 2.00% per annum and (ii) in relation to the New RCF, 2.00% per annum, provided that if certain conditions set out in the New Facilities Agreement are satisfied the margin will be determined by

reference to a total net leverage ratio as follows (there being no limits on the number of steps by which the margin may reduce or increase):

<b>Total Net Leverage Ratio</b>	<b>New Term Loan Margin</b>	<b>New RCF Margin</b>
	(% per annum)	(% per annum)
Greater than 3.50:1 .....	2.75%	2.75%
Less than or equal to 3.50:1 but greater than 3.00:1 .....	2.25%	2.25%
Less than or equal to 3.00:1 but greater than 2.25:1 .....	2.00%	2.00%
Less than or equal to 2.25:1 but greater than 2.00:1 .....	1.75%	1.75%
Less than or equal to 2.00:1 but greater than 1.75:1 .....	1.50%	1.50%
Less than or equal to 1.75:1 .....	1.25%	1.25%

Default interest on overdue amounts would be set at 1% higher than that which would have applied otherwise.

The following fees will be applicable under the New RCF: (i) a commitment fee on the unused portion of the New RCF equal to 30% of the margin under the New RCF as in effect from time to time; and (ii) certain other customary fees and expenses. No commitment fee is payable in connection with the New Term Loan.

The Company may, upon not less than three business days' prior notice to the facility agent (subject to certain exceptions), cancel and/or voluntarily prepay outstanding loans without penalty or premium (but including any break fees) under the New Facilities Agreement.

The New Facilities Agreement contains a number of customary positive and negative undertakings including (i) a negative pledge over the assets of all members of the Group (subject to certain baskets and exceptions, including any security securing indebtedness the aggregate outstanding principal amount of which does not exceed the greater of PLN 200.0 million and 20% of consolidated EBITDA at any time) (ii) certain restrictions on the obligors' ability to effect disposals (subject to certain baskets and exceptions, including any individual disposal which does not exceed the greater of PLN 75.0 million and 7.5% of consolidated EBITDA and the aggregate of all disposals in any financial year not exceeding the greater of PLN 200.0 million and 20% of consolidated EBITDA) (iii) certain restrictions on engaging in mergers and (iv) certain restrictions on incurring indebtedness in non-guarantor entities (subject to certain baskets and exceptions, including any indebtedness the aggregate outstanding principal amount of which does not exceed the greater of PLN 250.0 million and 50% of consolidated EBITDA at any time).

With respect to the New Facilities, the Company will also be required by a financial covenant to maintain a maximum Leverage Ratio (as defined below) not in excess of 4.25:1, to be tested twice annually (at the end of each financial half-year period and at the end of each financial year). "**Leverage Ratio**" is defined as, in respect of any 12 month period ending on an applicable testing date, the ratio of (x) total net debt (being the sum of the aggregate principal amount of all borrowings of the Group less the aggregate amount of all cash, cash equivalent investments and investment grade securities held by members of the Group) to (y) consolidated *pro forma* EBITDA.

The New Facilities Agreement contains certain customary representations, including but not limited to: the status of the borrowers and guarantors under the New Facilities Agreement, non-conflict with other obligations, power and authority, governing law and enforcement and no default. The New Facilities Agreement also contains certain customary events of default, including, but not limited to: non-payment of any amounts due under the finance documents, breach of financial covenants, and other obligations under the Facilities Agreement and related documents, misrepresentation, cross default, and certain insolvency-related events, in each case subject to materiality thresholds, qualifications and cure periods in the New Facilities Agreement.

Any event of default or breach of any of the undertakings (including the financial ratios of leverage cover set out above) or representations referred to above or any other event of default which, if subject to a remedy period, is not remedied within such period any result in (i) acceleration of the New Facilities, whereby all amounts outstanding under the New Facilities Agreement and related documents become immediately due and payable and (ii) the enforcement of any security provided in connection with the New Facilities.

### *Incremental Facilities*

Subject to certain conditions, the New Facilities Agreement will permit the Company (subject to the receipt of commitments) to increase the New Term Loan and/or the New RCF and/or add one or more additional facilities (i.e., an incremental facility) under the New Facilities Agreement at any time without the consent of any lender or agent in an aggregate unlimited amount (in respect of both term loans and revolving loans) so long as, in respect of the incurrence of incremental facilities ranking *pari passu* with the New Facilities, the total net leverage ratio would not exceed 3.75:1 after giving *pro forma* effect to the incurrence and use of proceeds thereof.

### *Mandatory Prepayment – Change of Control*

The New Facilities Agreement shall provide for mandatory prepayment in the event of (x) a change of control, defined as any person or group of persons acting in concert (other than funds and investment vehicles advised or managed by Advent International Corporation and any of its affiliates (but excluding any portfolio company) and co-investors) acquiring (directly or indirectly) more than 50% of the issued voting share capital of the Company or (y) a sale of all or substantially all of the assets of the Group. There shall be no other circumstances (other than a change of control and illegality) that shall require a mandatory prepayment under the New Facilities Agreement. The Offering will not result in a change of control within the meaning of the New Facilities Agreement.

In the case of the occurrence of a change of control, the Company shall promptly notify the facility agent of such occurrence of such an event, upon which each lender under the New Facilities Agreement shall have 30 days to exercise an individual right (i) on three business days' notice to the Company, to cancel all its undrawn commitments; and (ii) on 30 days' notice to the Company, to require that all its outstanding participations in utilizations are repaid with accrued interest and any other amounts accrued to that lender under the New Facilities Agreement and related finance documents.

### *Guarantees*

The New Facilities will benefit from guarantees from the Company and subsidiaries in the Group with EBITDA that represents at least 5% of the Group's consolidated EBITDA ("**Material Companies**"). In addition, the Company will be required to ensure that the New Facilities will benefit from guarantees from subsidiaries accounting for at least 80% of the Group's consolidated EBITDA (the "**Guarantor Coverage Test**"). The Guarantor Coverage Test and the determination of Material Companies shall be tested 90 days after (and excluding) the initial utilization of the New Term Loan and thereafter once in each financial year by reference to the Group's annual audited financial statements delivered to the agent under the New Facilities Agreement.

### *Security*

The New Facilities under the New Facilities Agreement are to be unsecured unless security is otherwise required to be provided pursuant to the terms of the Facilities Agreement. Security may be required to be provided by members of the Group if the amount of guarantees and security provided to third parties in respect of any bilateral or syndicated facility or capital markets issuance issued or borrowed by any member of the Group to, or from, any person who is not a member of the Group ("**Third Party Financing**") exceeds either (x) PLN 200,000,000 or, if higher, 20% of consolidated EBITDA in respect of any individual Third Party Financing; or (y) PLN 400,000,000, or, if higher, 40% of consolidated EBITDA at any time for the aggregate amount of all Third Party Financing. In such circumstances, and subject to the agreed security principles, the relevant member of the Group will be required to grant substantially similar guarantees and security as are provided in respect of such Third Party Financing in favour of the lenders under the New Facilities Agreement. In addition, Security may be required to be provided by members of the Group if the total net leverage ratio exceeds 3.75:1 on any two consecutive test dates on which the financial covenant is tested. In these circumstances each guarantor in the Group incorporated in Poland will provide an assignment of material trade contracts and a pledge of its APMs, and each guarantor in the Group will provide a pledge over its material bank accounts.

### **Contractual Obligations and Commitments**

The Integer Group has certain contractual obligations and commitments relating to outstanding guarantees, leases and long-term rental agreements.

The lease liabilities of the Integer Group are divided in four categories: (i) land and buildings (mainly consisting of premises where APMs are installed and warehouses and offices); (ii) machinery and equipment (mainly consisting of APMs and sorting equipment); (iii) vehicles; and (iv) other.

	As at 31 December			As at
	2019	2018	2017	30 September 2020
	(in PLN millions)			
Land and buildings.....	173.7	89.6	—	239.3
Machinery and equipment.....	49.5	73.7	102.5	34.2
Vehicles.....	50.6	3.9	0.1	36.3
Other .....	1.6	0.1	—	0.1
<b>Total.....</b>	<b>275.3</b>	<b>167.2</b>	<b>102.6</b>	<b>309.9</b>

See also note 15 of the 2017-2019 Financial Statements.

### Capital Expenditure

The Integer Group defines Capital Expenditure as purchases of property, plant, equipment and purchases of intangible assets as well as the cost of internal resources (mostly labour) spent to create such tangible or intangible assets as presented in the consolidated statement of cash flows. The Integer Group distinguishes between the following categories of capital expenditure: (A) APM network development capital expenditure in Poland, relating to the costs of opening new APMs and the costs of expanding APMs at existing locations in Poland; (B) operational development capital expenditure in Poland, relating to costs with respect to sorting lines, equipment and IT in Poland; (C) maintenance capital expenditure in Poland, relating to maintaining its existing operational, logistics and IT capacities as well as expenditure for its APM production facility, including the replacement of IT and operational equipment, and the refurbishment of offices; and (D) international APM network development capital expenditure. Costs incurred in relation to the maintenance and repair of Integer Group's APM network are not recorded as capital expenditure but are recognised as costs under the line items external services and payroll.

Capital Expenditure amounted to PLN 319.7 million, PLN 135.7 million and PLN 153.9 million for the years ended 31 December 2019, 2018 and 2017, respectively, representing 25.9%, 18.7% and 31.9% of Integer Group's revenue for these periods. The capital expenditure of the Integer Group amounted to PLN 393.0 million and PLN 215.4 million, for the nine months ended 30 September 2020 and 2019, respectively, representing 23.6% and 25.9% of Integer Group's revenue for these periods.

The following table summarises the distribution of the capital expenditure of the Integer Group across the four categories for the nine months ended 30 September 2020 and 2019 and for the years ended 31 December 2019, 2018 and 2017.

	Year ended 31 December		Nine months ended 30 September	
	2019	2018	2020	2019
	(in PLN millions)			
(A) APM Development Capex Poland	233.1	67.9	283.2	173.7
(B) Operational Development Capex Poland .....	77.1	57.7	82.6	35.2
(C) Maintenance Capex Poland.....	7.0	10.1	12.3	5.3
(D) International Capex .....	2.5	—	14.9	1.2
<b>Capital Expenditure.....</b>	<b>319.7</b>	<b>135.7</b>	<b>393.0</b>	<b>215.4</b>

The expansion of the Integer Group's APM network requires capital expenditure. APM Development Capex Poland amounted to PLN 67.9 million and PLN 233.1 million for the years ended 31 December 2018 and 2019, respectively, representing 9.4% and 18.9% of revenue for these periods. The Integer Group added 1,769 APMs and 185 thousand lockers in total in Poland in the year ended 31 December 2018, and 2,847 APMs and 384 thousand lockers in total in Poland in the year ended 31 December 2019. For the nine months ended 30 September 2020, APM Development Capex Poland amounted to PLN 283.2 million, representing 17.0% of revenue in that period. The Integer Group added 2,547 APMs and 453 thousand



lockers in total in Poland in the nine months ended 30 September 2020. In the year ended 31 December 2018, APM Development Capex Poland was low relative to the number of APMs added to the network in Poland in that year. This was the result of the Integer Group repatriating APMs from its discontinued operations in certain foreign markets and adding those APMs to its network in Poland in the year ended 31 December 2018.

APM Development Capex Poland in a reporting period does not translate directly to a certain number of new APMs produced and added to the network in that reporting period, since any such capital expenditure may also include prepayments for APMs to be produced and added to the network in future reporting periods. During the periods under discussion, the capital expenditure required in connection with producing a new APM for the expansion of the network have decreased as a result of the production costs per APM decreasing during those periods. Production costs per APM decreased by 10.8% for the year ended 31 December 2018 compared to the year ended 31 December 2017 and by 21.2% for the year ended 31 December 2019 compared to the year ended 31 December 2018. Production costs per APM during the first nine months of 2020 decreased by 10.1% compared to the first nine months of 2019. These decreases in production costs were the result of improvements in our APM production processes, including the use of new, more cost efficient materials and components.

As at 30 September 2020, the Integer Group has commitments amounting to PLN 153.8 million with respect to capital expenditure relating to APM network development in Poland and the UK. Part of these commitments, an amount of PLN 58.3 million, has already been prepaid, as at 30 September 2020.

The Integer Group expects to finance these capital expenditures mainly from its cash flows and credit facility.

### **Contingent and other Off-Balance Sheet Liabilities**

The Integer Group is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on Integer Group's financial condition, results of operations, liquidity, capital expenditure or capital resources, except for certain litigation items. See "*Business Overview – Legal and Arbitration Proceedings*" and note 30 of the 2017-2019 Financial Statements and note 21 of the Interim Financial Statements.

### **Financial Risk Management**

An overview of the financial risk management objectives of the Integer Group is presented in note 41 of the 2017-2019 Financial Statements.

### **Critical Accounting Policies**

Unless otherwise indicated, the financial information included in this Prospectus has been prepared and presented in accordance with IFRS. See "*Important Information – Presentation of Financial and Other Information*" and the notes to the Financial Statements included elsewhere in this Prospectus.

An overview of the main accounting policies applied in the preparation of the Financial Statements is presented in note 6 of the 2017-2019 Financial Statements and note 2.2 of the Interim Financial Statements. The preparation of financial statements requires the management of the Integer Group to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenue and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within the Financial Statements represent good faith assessments of the future performance of the Integer Group for which management believes there is a reasonable basis. These estimates and assumptions represent the view of the Integer Group at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause Integer Group's actual future results, performance and achievements to differ materially from those forecasted.



## INDUSTRY OVERVIEW

*The information described in this section applies to the Group, unless specified otherwise*

*This section contains information regarding the business of the Group and the market in which it operates and competes, which the Group has obtained from various third-party sources. Where information contained in this section has been sourced from a third party, the Group confirms that such information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where such information has been used in this document, its source has been identified. Please refer to “Important Information – Industry and Market Data” for further details of the third-party sources. Please also refer to “Risk Factors” and “Important Information – Information Regarding Forward-Looking Statements”.*

### **Polish Macro Overview**

Poland is the leading economy in Central and Eastern Europe with a real gross domestic product (“GDP”) of approximately PLN 2.1 trillion in 2020, having grown at 3.8% per annum from 2000 to 2019 and declining by 3.4% in 2020 (Source: The Economist Intelligence Unit). The Polish economy has demonstrated stability and was the only country in the EU that did not fall into a recession during the global financial crisis that took place from 2007 to 2009 (Source: The Economist Intelligence Unit). With a population of 38.4 million people in 2019 (Source: Statistics Poland), the country is the fifth most populous EU Member State, and the thirteenth largest economy among Organisation for Economic Co-operation and Development (“OECD”) countries in terms of GDP ranking. The unemployment rate in Poland stood at 6.2% as of 2020, which is below that of the EU at 7.6% as well as of other leading European economies (Source: The Economist Intelligence Unit). GDP per capita (USD at PPP) has grown at 6.8% from 2016 to 2019, declined by 2.9% in 2020, and is expected to experience a continued growth of 5.3% from 2020 to 2024 (Source: The Economist Intelligence Unit).

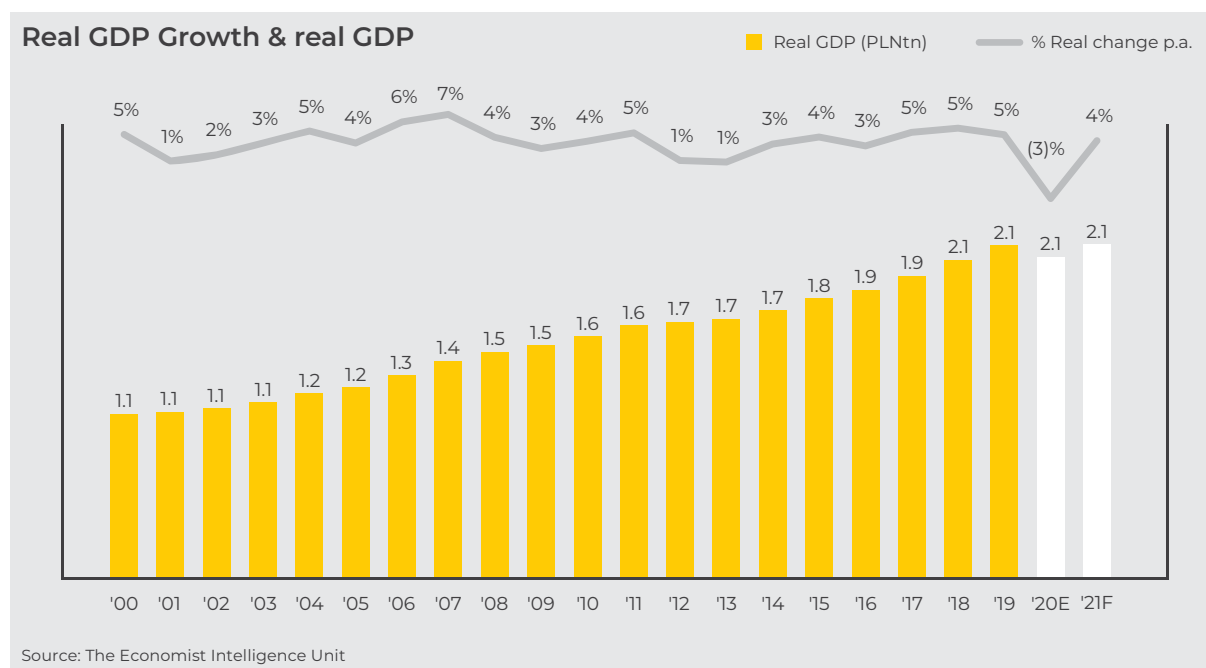
### **Demographics**

Poland’s total population has been relatively stable over the recent years, with a minor population contraction of 0.01% in each of 2018 and 2019 (Source: Statistics Poland). Accordingly, the Economist Intelligence Unit expects the Polish population to decline marginally by 0.1 million over 2020 and 2021 in aggregate. The distribution of the population across urban and rural areas has also been stable, with around 60% of the population living in urban areas. After a decade-long negative net migration balance, since 2016 Poland has exhibited small positive net immigration. In 2019, the net immigration was 6.1% and less than 0.1% of the total Polish population. In terms of the age distribution, 18.1% of the Polish population was pre-working age, 60% was working age and 21.9% was post working age (Source: Statistics Poland).

### **Macro-economic development**

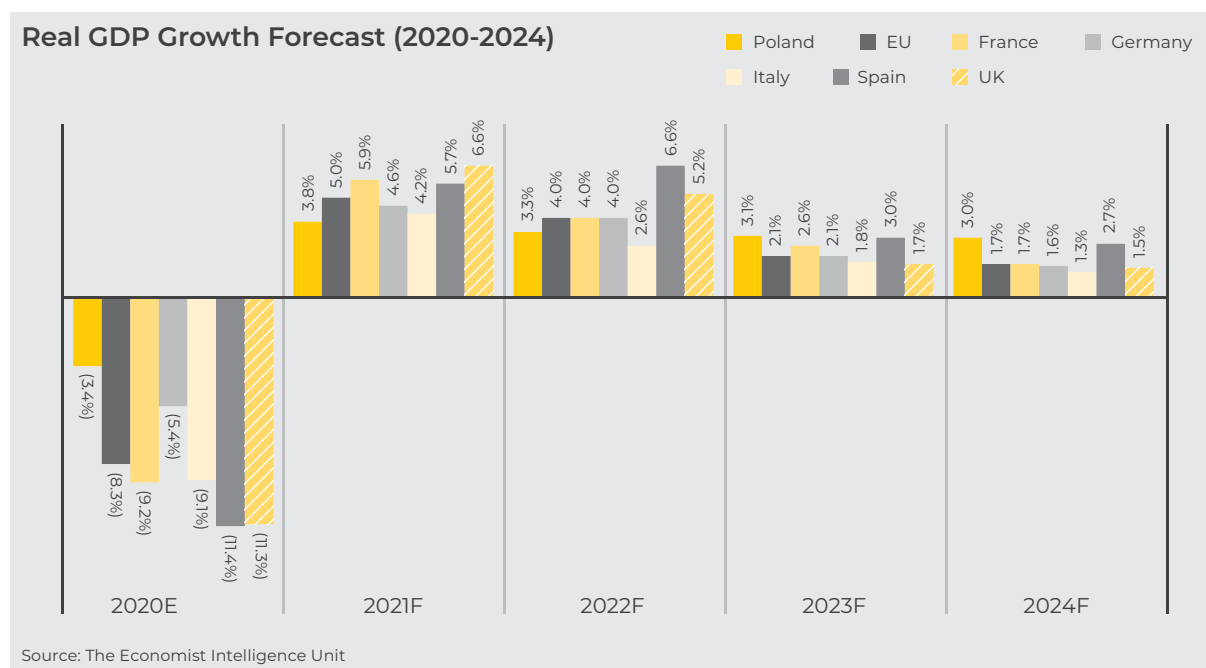
Poland enjoyed strong macro-economic growth in the past decades. The economy has experienced one of the longest stretches of continuous expansion globally, which has been ongoing since the early 1990s. The Polish annual real GDP growth between 1991 and 2019 was 4.2% whereas for the EU, the annual real GDP growth during the aforementioned years was 1.6% (Source: The Economist Intelligence Unit). Moreover, the GDP growth did not turn negative in the recession that took place in the early 2000s, and Poland was the only EU Member State to avoid a recession during the global financial crisis during 2007 to 2009 (Source: The Economist Intelligence Unit), and its subsequent growth rebound has been among the most rapid compared to the other EU Member States. These trends helped to sharply reduce unemployment levels and boost per capita income. Strong growth coupled with redistribution policies helped improve social welfare as well. These economic and social achievements have been the dividends of previous institutional and governmental reforms and sustained prudent management of the macro-economy, and have made Poland an attractive destination for foreign investments. In 2004, the accession to the EU further highlighted Poland’s achievements and marked a growth trajectory towards that of Europe’s most advanced economies. Poland is also a large net beneficiary of EU spending: In 2019, the total EU budget that was spent in Poland amounted to approximately €16 billion (representing 3.1% of the GDP), while Poland’s contribution to the EU budget amounted to approximately €4 billion (representing 0.8% of the GDP) (Source: European Commission, Eurostat). In addition to a continued strongly positive net spend from the EU 2021 to 2027 Multiannual Financial Framework, the EU also agreed to establish a €750.0 billion recovery fund to assist the EU Member States in coping with the COVID-19 pandemic. According to the Economist Intelligence

Unit, it is expected that Poland will benefit from fiscal transfers of approximately €32.8 billion measured at 2018 prices over the period from 2021 to 2027 under this scheme.



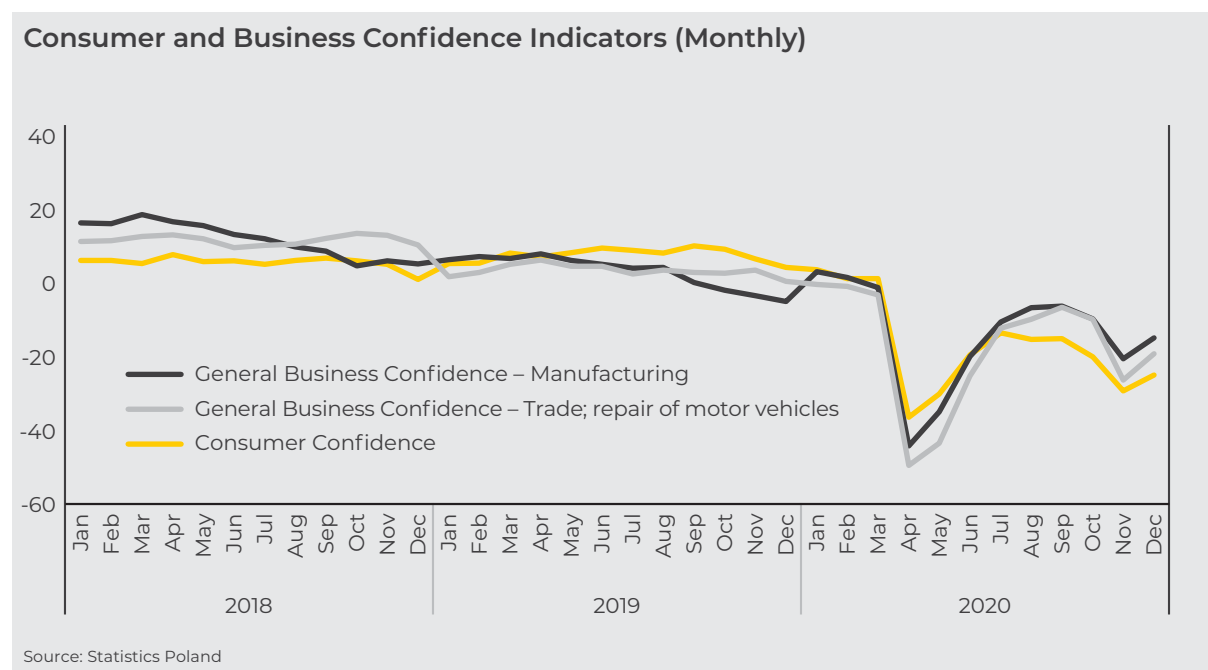
### COVID-19 Impact on Poland's macro economy and policy response

GDP growth remained strong in 2019, mainly due to robust domestic demand, supported by high consumer confidence and a buoyant labour market. In 2020, real GDP is estimated to have declined by 3.4% due to, *inter alia*, the COVID-19 pandemic, which arrived in Poland in March 2020, and its containment measures (compared to an estimated 8.3% decline across the EU) with a forecasted recovery of an estimated 3.8% in 2021. In Q1 and Q2 2020, Poland's real GDP fell by 0.3% and 9.0% quarter-on-quarter, respectively, and recovered with 7.7% quarter-on-quarter in Q3, and is estimated to have declined by 3.5% quarter-on-quarter in Q4 2020 (Source: The Economist Intelligence Unit).



Following nationwide lockdown measures in Poland initiated in March 2020, consumer and business confidence dropped sharply in April 2020 to below the levels that were observed during the global financial crisis in 2007-2009. Accommodation, food services and the transportation sector were hit particularly hard.

Footfall at retail shops and restaurants decreased by 28% compared to the same period in 2019 and retail sales dropped by 23% year-on-year in April 2020. Small and mid-size enterprises have been particularly exposed, due to their limited financial reserves. Many businesses have decreased wages in order to reduce short-term losses and maintain liquidity without having to resort to redundancies. However, unemployment levels have risen in particular from March to June. As most lockdown measures were lifted over the summer, consumer and business confidence increased again from May through September 2020. With a resurgence in COVID-19 cases across Europe and the introduction of renewed lockdown measures in Poland, consumer and business confidence again declined in October and November, but improved in December on positive prospects for vaccinations against COVID-19. Nonetheless, as described above, real GDP is estimated to have declined again by 3.5% quarter-on-quarter in Q4 2020. Despite several governmental stabilisation policies phased in over the course of 2020, a further rise in unemployment levels from Statistics Poland's last reported level of 6.1% as of November 2020 to 6.2% is estimated by the Economist Intelligence Unit, driven by the lower economic activity in the fourth quarter.

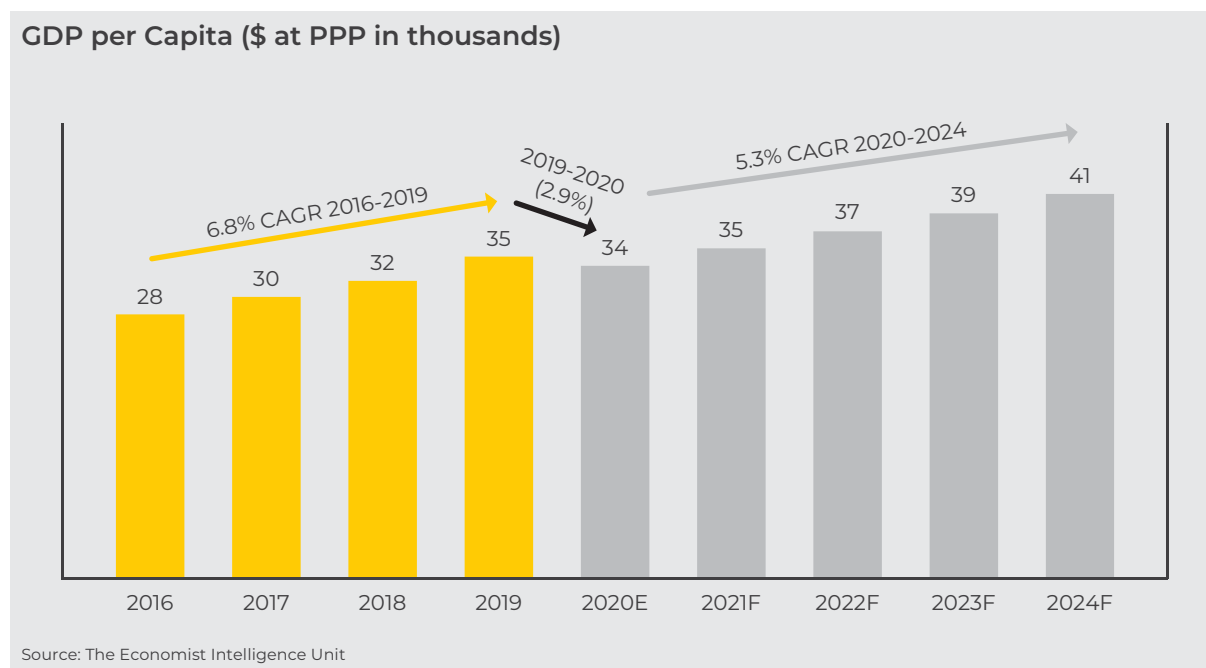


The Polish government has adopted an array of stimulus measures in response to the economic impact of the pandemic. The OECD estimates that discretionary measures that are worth approximately 3.2% of the GDP in 2020 are being taken, while the Economist Intelligence Unit estimates the stimulus measures to amount to 4.6% of the GDP. The measures announced during the first wave of the pandemic include government loans, tax deferrals, targeted exemptions from social security payments and wage subsidies, loan holidays for individuals and businesses, and increased unemployment benefits. To support businesses, credit guarantees and a facility amounting up to PLN 100 billion providing loans and grants have been launched. Additional measures target increasing healthcare spending and encouraging infrastructure investment. Further stimulus measures have been adopted in the form of, among others, wage subsidies, co-financing of fixed costs of businesses, and loan guarantees when lockdown restrictions were reintroduced in October and November 2020. In parallel to these fiscal measures, the National Bank of Poland has taken an expansionary monetary policy stance. The reference rate has been cut in three steps from 1.5% to its current level of 0.1% set on 29 May 2020 (Source: National Bank of Poland), reserve requirements have been reduced to increase bank liquidity, an asset purchase program that includes state-guaranteed debt has been launched, and a bank lending support program has been introduced. These measures have eased monetary conditions and smoothed the financing of the stimulus measures.

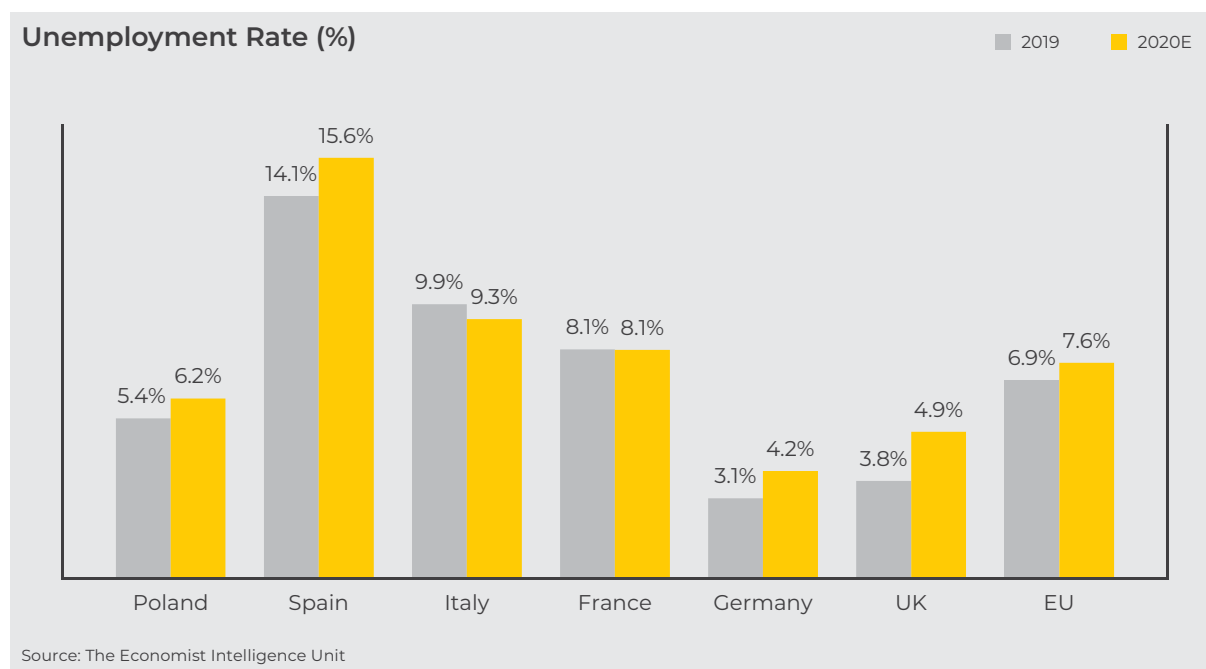
Structurally, the Polish economy can be expected to be able to weather the global downturn better than various other EU Member States, due to its low exposure to hard-hit sectors, diversified economic structure and flexible foreign exchange rate.

### ***GDP per capita and unemployment***

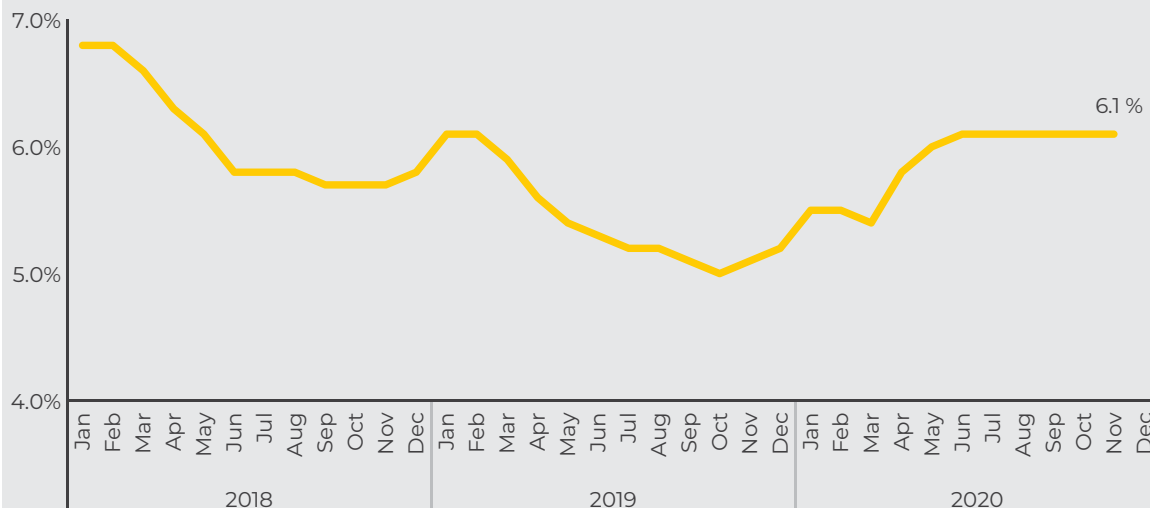
In terms of GDP per capita, Poland has experienced sustained growth at a CAGR of 6.8% between 2016 and 2019, a decline of 2.9% from 2019 to 2020, and growth is expected to continue at a CAGR of 5.3% between 2020 and 2024 (Source: The Economist Intelligence Unit).



In 2020, the registered unemployment rate increased to 6.1% at the end of November 2020 (Source: Statistics Poland) and is estimated to amount to approximately 6.2% at year-end, compared to an unemployment rate of 7.6% in the EU as a whole. Poland's estimated 2020 unemployment rate is also well below that of other leading European economies such as Spain (15.6%), France (8.1%) and Italy (9.3%) (Source: The Economist Intelligence Unit). The rate is expected to fall to 5.7% in 2021 and revert to the 2019 level of 5.4% again in 2022 (Source: The Economist Intelligence Unit).



### Registered Employment Rate (Monthly, End of Period)

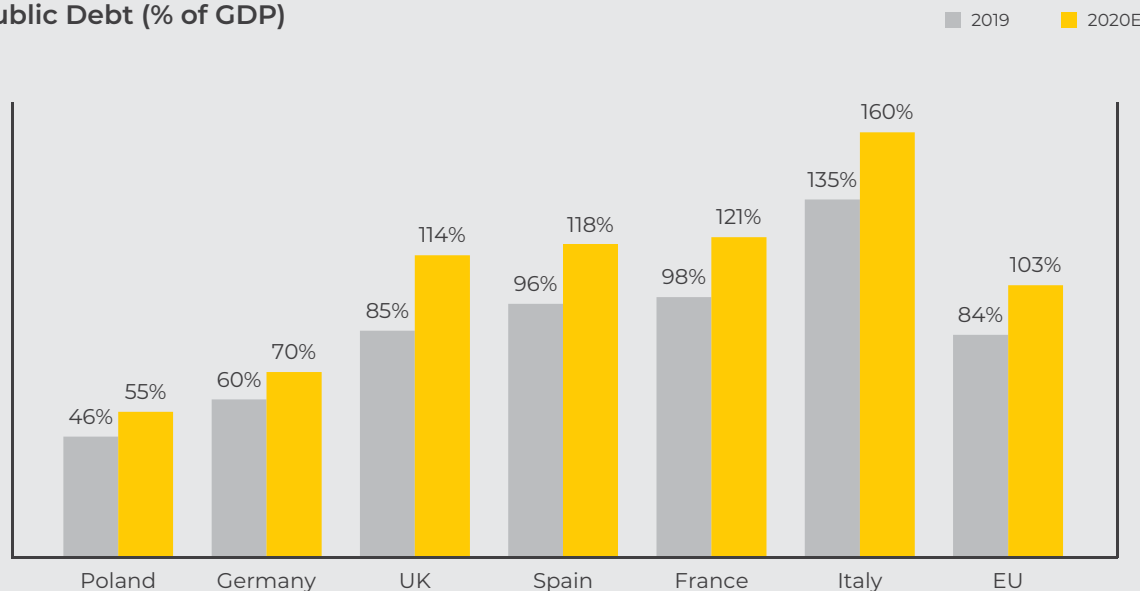


Source: Statistics Poland

### Public sector indebtedness

In 2019, Poland reported a public debt equivalent to approximately 46% of the country's GDP compared to a public debt-to-GDP ratio of approximately 84% for the EU as a whole. Driven by an estimated budget deficit of 7.9% of the GDP in 2020, public debt in Poland is estimated at 55% in 2020 and expected to remain at this level approximately in 2021 and 2022 as economic growth returns (Source: The Economist Intelligence Unit). Poland's benign macroeconomic fundamentals and outlook as well as the comparatively low public debt level are also reflected in the country's A-/A2 credit ratings (S&P/Moody's), each with stable outlooks.

### Public Debt (% of GDP)



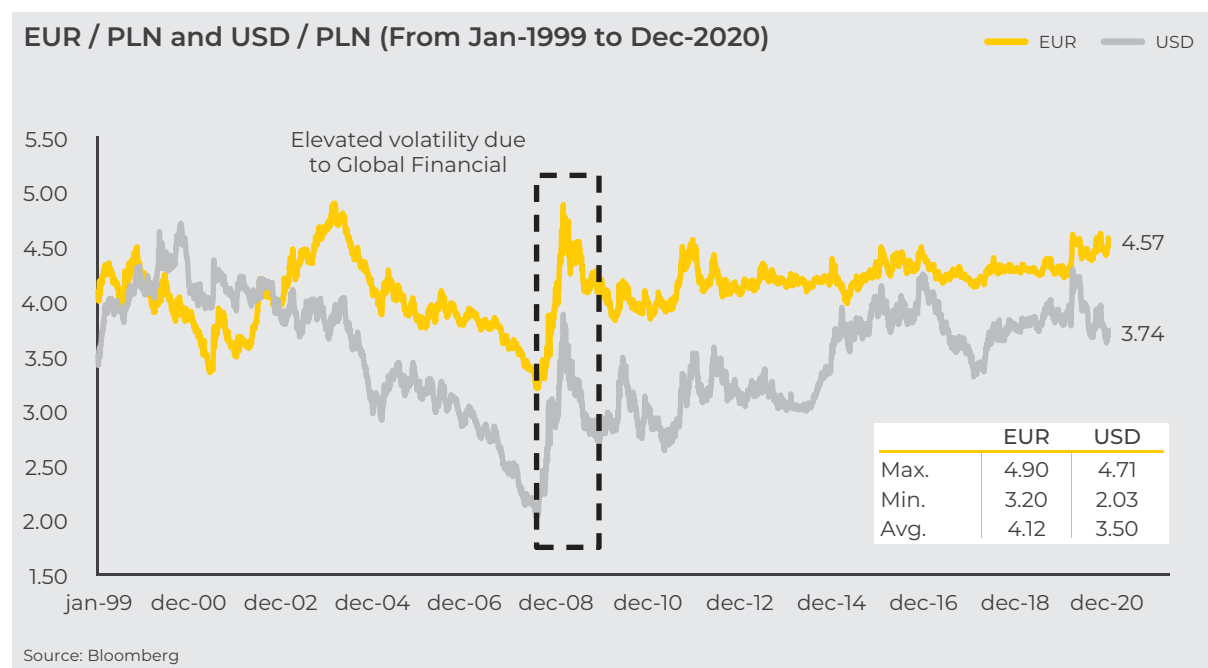
Source: The Economist Intelligence Unit

### Currency and long-term interest rates

Poland's currency is the zloty (PLN), which has historically remained a stable currency against the Euro, with an average exchange rate of PLN 4.12 per EUR 1.00 from the introduction of the Euro in 1999 through 31 December 2020. Since 2010 the exchange rate between zloty and the Euro has remained relatively stable with a minimum exchange rate of PLN 3.83 per EUR 1.00 and a maximum exchange of



PLN 4.62 per EUR 1.00 and an average exchange rate of PLN 4.23 per EUR 1.00 (Source: Bloomberg). Compared to other emerging markets such as Russia, Brazil, India and Mexico, Poland has had the most stable currency over the past 20 years as evidenced by the coefficient of variation (“CV”) of USD and PLN pairing. The CV for USD / PLN from January 1999 to December 2020 stands at 15%, while it was 34% for the Brazilian Real, 41% for the Russian Ruble, 20% for the India Rupee and 28% for the Mexican Peso. The National Bank of Poland acts as the independent central bank and pursues an inflation-targeting regime, providing institutional stability to the zloty. Long-term interest rates in Poland have come down considerably over the recent quarters, driven by the central bank’s measures, with the 10-year rate decreasing from 2.1% at year-end 2019 to 1.3% at year-end 2020 (Source: Refinitiv). According to the Economist Intelligence Unit forecast, monetary policy in Poland is expected to remain loose in 2021, but be tightened gradually from early 2022. The interest rate is expected to remain negative in real terms and supportive of the economic growth.

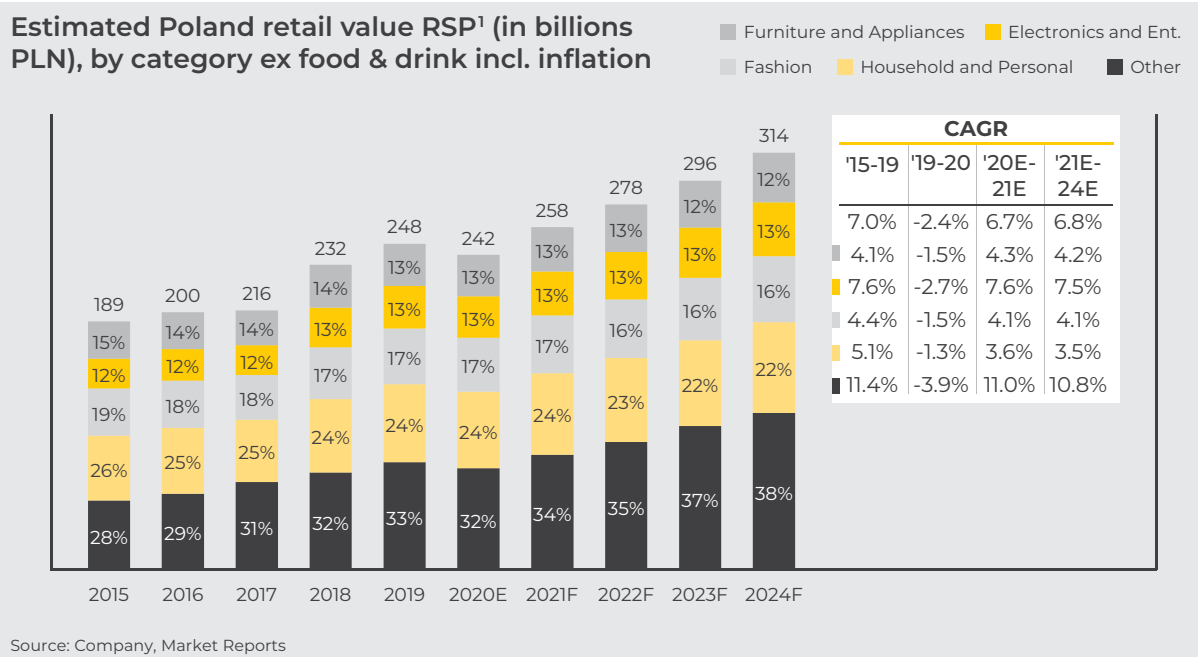


	EUR	USD
Max.....	4.90	4.71
Min.....	3.20	2.03
Avg.....	4.12	3.50

### Polish Retail Market Overview

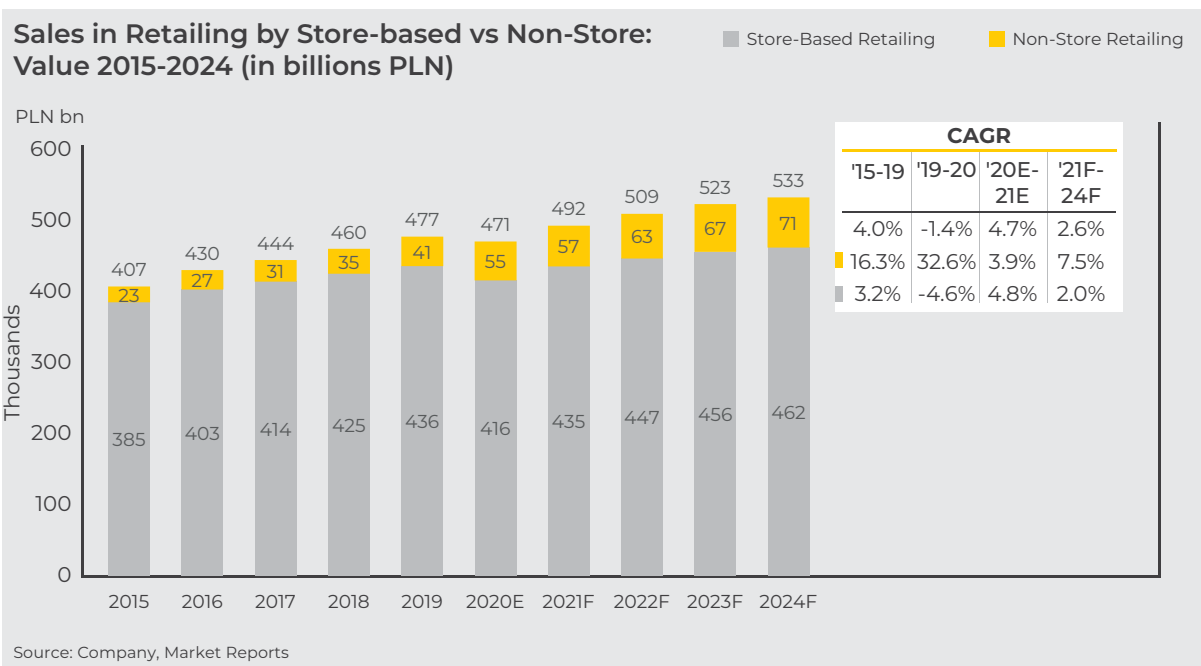
According to Market Reports, the Polish retail market spend is estimated to have amounted to approximately PLN 242 billion (excluding food & drinks) in 2020. Household & personal accounts for approximately 24% share of the retail market followed by fashion which accounts for approximately 17% share, electronics & entertainment and furniture & appliances which make up approximately a 13% share each.

The Polish retail spend has historically seen strong annual growth of approximately 7% from 2015 to 2019, mainly driven by robust GDP growth with high correlation between real GDP and retail sales growth. In 2020, retail spend is negatively impacted by COVID-19, evidenced by a 2.4% decline overall. However, the retail market is expected to quickly rebound in 2021 by approximately 6.7% and then continue to grow at a similar annual rate until 2024. Each category is expected to grow at a similar rate until 2024 as between 2015 and 2019 except for household & personal, which is expected to show a slightly slower growth of less than 4% until 2024, compared to 5.1% over 2015 to 2019.



The Polish retail market consists of store based retailers (approximately 88% of the total retail market in 2020) and non-store based retailers (approximately 12% of the total retail market). E-commerce is the most prominent channel for the non-store based retailers, representing approximately 91% of the total non-stored based retail sales in 2020 (Source: Company, Market Reports). Retail spend in Poland is highly correlated to the GDP growth as well as to the disposable income with an  $R^2$  (the proportion of the variance for a dependent variable that is explained by an independent variable in a regression model) of 0.73 between nominal GDP growth and growth in retail spend from 2013 to 2019 and 0.87 between change in disposal income and growth in retail spend over the same period of time. It has continued to benefit from a low interest rate environment seen in recent years, which encourages instalment purchases. Local consumers wish to raise their living standards through up-to-date consumer electronics and appliance refurbishments. Nonetheless, Polish consumers remain price sensitive, which in turn benefits lower-priced channels such as discounters and e-commerce. In 2018, the Polish government introduced a new law banning trade activities on Sundays, which was further expanded in 2019 and 2020. In 2019, there were 37 Sundays subject to the trading ban and in 2020, this number increased to 45 which means consumers are only allowed to shop on seven Sundays throughout the year. In addition to most Sundays, trading is also banned on eight other days of the year for religious and secular national holidays. The Sunday trade ban translated into intensified activities towards sales automation, online sales development and implementation of retail innovations, all of which stimulated the demand growth for e-commerce. Non-store retailing has seen significantly higher growth (approximately 16% CAGR from 2015 to 2019) when compared to traditional store-based retailing (Source: Company, Market Reports).

<sup>1</sup> Retail Value RSP data tracks the monetary value of packaged food sales sold through retail channels, measured at retail selling prices. This includes the impact of wholesaler / distributor markups, retailer markups, and VAT on the item's price, and essentially reflects the price the consumer pays for the product in the store.



The Polish non-store retailing mainly consists of e-commerce (in 2020, 93% of total non-store retailing market in Poland is estimated to consist of e-commerce) while the remaining 7% of the total non-store retailing market in Poland is made up of direct selling, home shopping and vending (Source: Company, Market Reports). E-commerce has demonstrated the fastest annual growth at approximately 16% from 2015 to 2019 compared to the other categories of non-store retailing. In Poland, the most prominent online retailers include marketplaces such as Allegro, Olx, Otomoto, and Vinted. As at 22 September 2020, Allegro is the largest and most recognised non-grocery online retailer in Poland with 12.3 million active buyers who are connected with approximately 117,000 merchants, which resulted in an average of 32 million monthly transactions in the twelve months ended 30 June 2020 (Source: Allegro public filings). International players such as Amazon and AliExpress also service Polish customers from outside of Poland. AliExpress is currently the number two online marketplace in Poland with approximately 6% of market share as of 2019, while Amazon is ranked number six with approximately 2% of market share (Source: Company, Market Reports). Other online retailers are narrow category focus platforms such as Zalando, eobuwie.pl and Oponeo.

As of the date of this Prospectus, Amazon does not have a Polish e-commerce platform but Polish online shoppers can purchase goods via Amazon's websites outside of Poland and Amazon's German website offers a Polish language website to make the shopping experience easier for Polish consumers. Amazon currently employs approximately 16 thousand people in seven distribution centres in western and central Poland through which its German operations are serviced. The potential entry of Amazon is considered to be positive for the overall Polish e-commerce market. Buyers might benefit from wider varieties of goods being offered on the website as well as lower domestic delivery cost. In summary, Amazon's entry could potentially further fuel the growth of e-commerce penetration and expand the e-commerce market size in Poland as observed in countries such as Spain (0.7% increase in penetration following Amazon's entry), Italy (0.6% increase in penetration) and India (1.6% increase in penetration), hence increase overall parcel delivery volume as well as create opportunities for parcel delivery services providers (Source: Company, Market reports).

### Polish e-commerce Market Overview

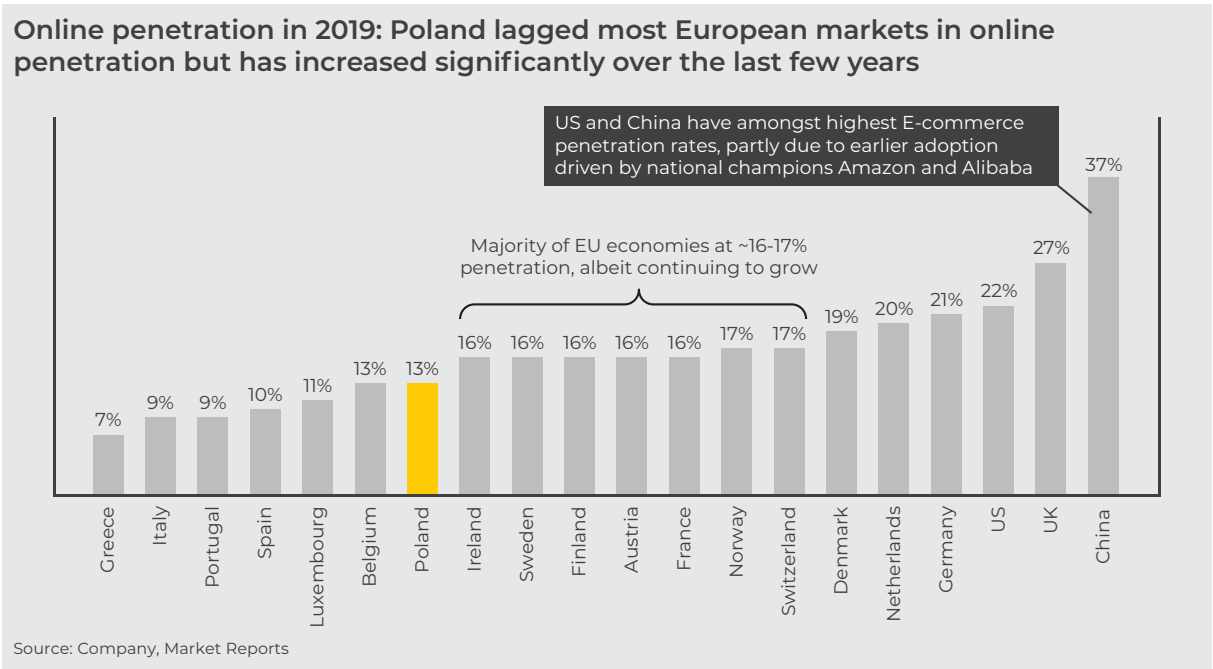
The Polish e-commerce market has grown at a 16% CAGR between 2015 and 2019, outpacing the overall Polish retail market growth (which grew at an approximately 7% CAGR during the same period). The growth of the Polish e-commerce segment was faster than the growth experienced in other European countries between 2015 and 2019 such as France (11% CAGR), Germany (9% CAGR), the UK (9% CAGR), and Spain (13% CAGR) (Source: Company, Market Reports). Nevertheless, the Polish e-commerce market remains underpenetrated. In 2019 the e-commerce penetration rate in Poland was 13% (excluding food and beverages), which was significantly lower than the more mature countries such as the US, China and the UK, which have an e-commerce penetration of 22%, 37% and 27%, respectively, (in each case excluding food and beverages, source: Company, Market Reports). The continued shift towards e-commerce

spending is in line with historical trends as consumers have become increasingly more confident in shopping online and user experience has improved with increasing prevalence of free delivery, faster delivery options (such as same day or next day delivery) and a wider product assortment. Next day delivery or delivery within two days is common in the Polish market, whereas same day delivery is an uncommon service that is not offered by many merchants. In addition, free delivery and free return services are gaining popularity as a key differentiating factor for retailers, especially fashion retailers. Furthermore, significant acceleration was observed in 2020 due to the COVID-19 impact with online retail spend growing at approximately 58% year over year. The Polish e-commerce market size is estimated to have amounted to PLN 57 billion (excluding food & drinks) in 2020. Going forward, the Polish e-commerce market is estimated to grow at a 16% CAGR from 2021 to 2024, reaching PLN 95 billion in size (Source: Company, Market Reports).

For comparison, in 2005, e-commerce markets (excluding food and drink) were estimated at EUR 1 billion for Poland, similar size to that of China, whereas e-commerce markets in the UK and Europe amounted to EUR 14 billion and EUR 48 billion respectively. By 2019, the e-commerce market in Poland grew to EUR 8 billion, at 20% CAGR from 2005 to 2019, and the UK e-commerce market grew at 13% per annum to EUR 79 billion, while the Europe e-commerce market grew at 15% per annum to EUR 338 billion. China grew its e-commerce market at 58% from 2005 to 2019, to EUR 654 billion (Source: Company, Market Reports). Going forward, the e-commerce market in Poland is expected to grow at 14% per annum from 2020 to 2024, outgrowing the UK, Europe and China.

**E-commerce penetration**

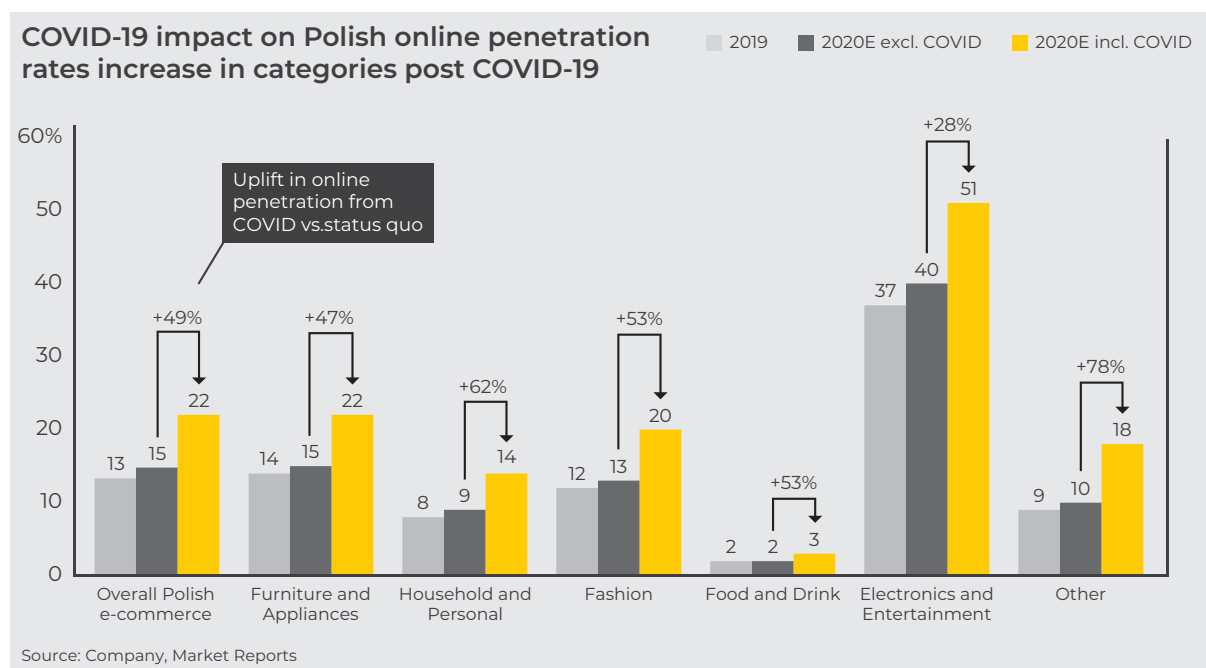
E-commerce penetration in Poland stood at approximately 13% in 2019 (excluding food and beverages), below the European average of 16-17%, albeit having increased significantly from 5% in 2010. Historically, e-commerce penetration in Poland has been growing by 1-1.5 percentage points per year until 2019 (inclusive of 2019). Growth accelerated in 2018 and 2019, driven by the collaboration between Allegro and InPost in Allegro’s customer loyalty programme (“Allegro Smart!”). Allegro Smart! offers free delivery for orders above PLN 100, in respect of to-door delivery, and above PLN 40 for other forms of delivery including APM delivery. In addition, Allegro Smart! offers free-of-charge returns and other perks to paying subscribers.



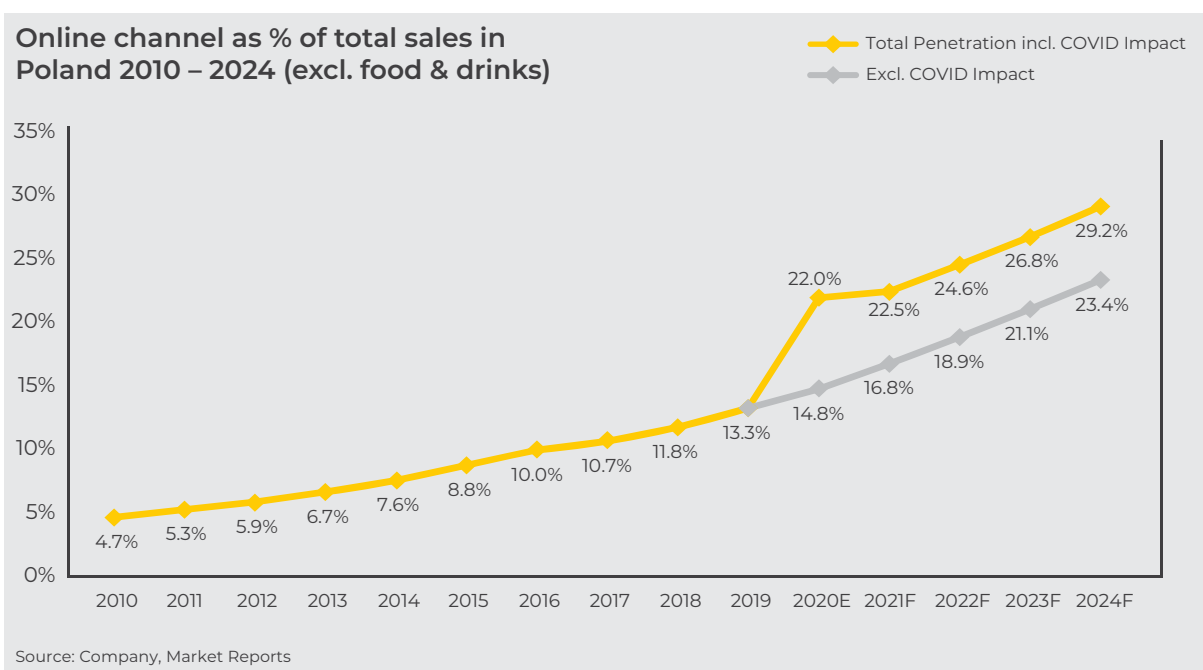
Under pre COVID-19 market conditions, Polish online penetration was expected to grow steadily by 1-2 percentage points per year, with non-food penetration reaching 23% in 2024 (in each case, excluding food and beverages, source: Company, Market Reports). Trends observed in other European markets suggest significant room for e-commerce growth in the next four years and indicate that the online channel retail will continue to gain a larger proportion of the total retail market over time as convenience and availability are becoming increasingly important to Polish consumers. Online retailers have become more sophisticated in their product offerings, consumer interface design, and pricing advantages compared to offline channels, all of which have enabled e-commerce penetration to grow significantly. Furthermore, the growing

penetration of smartphones, as well as advancement in online payment security have also contributed significantly to the fast growth of online shopping in recent years.

The ongoing global COVID-19 pandemic has changed shopping behaviours with increasingly more consumers shopping online for the first time. The wider reach of e-commerce as a result of the pandemic drastically accelerated the penetration timeline by four years in 2020. E-commerce penetration is estimated to have reached 22% in 2020, an increase of approximately 9 percentage points compared to 13% in 2019 (in each case, excluding food and beverages). Store closures combined with pandemic lockdown measures and health concerns of being exposed physically in store were the primary factors for the acceleration of the shift to online retail in 2020. Consumers who made online purchases have generally been satisfied with their online shopping experience which suggests that the increased penetration will likely continue once the COVID-19 impact is alleviated. Based on a consumer survey conducted by a third party market researcher, over 50% of respondents indicated a higher willingness to shop online during the lockdown period, partially driven by the lack of availability in stores and more time spent online (Source: Company, Market Reports). Between 60% and 80% of the respondents who have increased online purchasing during the lockdown expect to continue the online shopping behaviour after the restrictions easing, indicating a high level of stickiness of COVID-19 induced penetration increase.



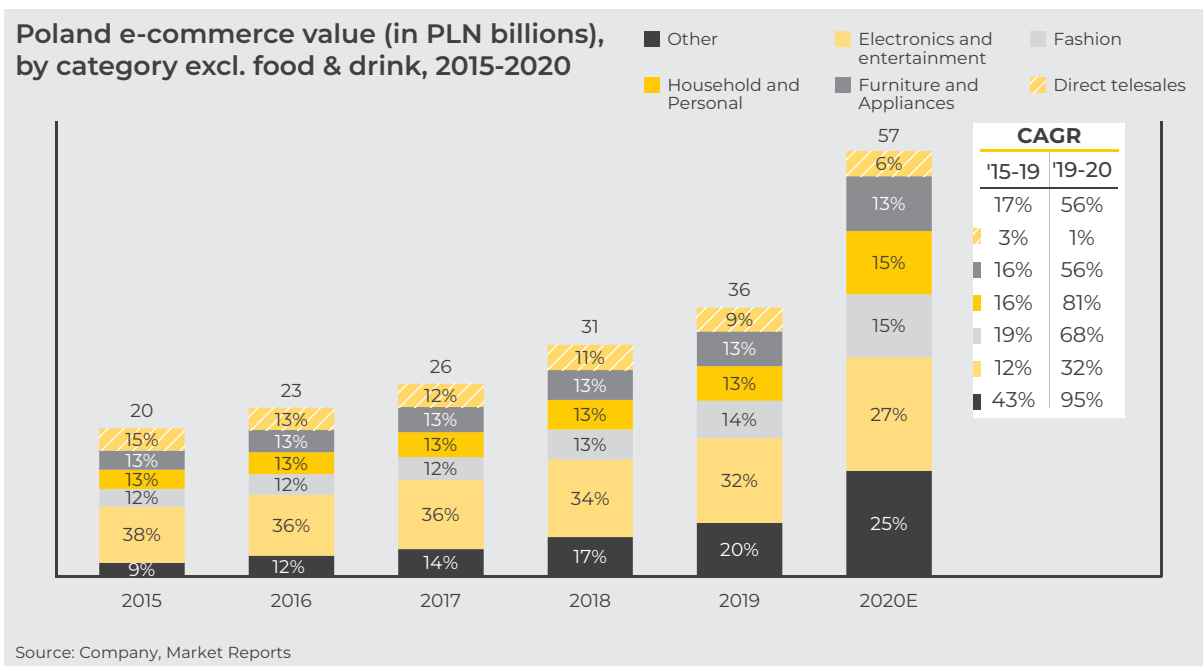
This acceleration in e-commerce penetration is expected to be a lasting change in consumer behaviour. Increase in e-commerce penetration is expected to continue to increase at a pace of approximately 2 percentage points' increment per year from 2021 to 2024 reaching a total penetration of 29% by 2024 (excluding food and beverages).



### ***E-commerce market growth***

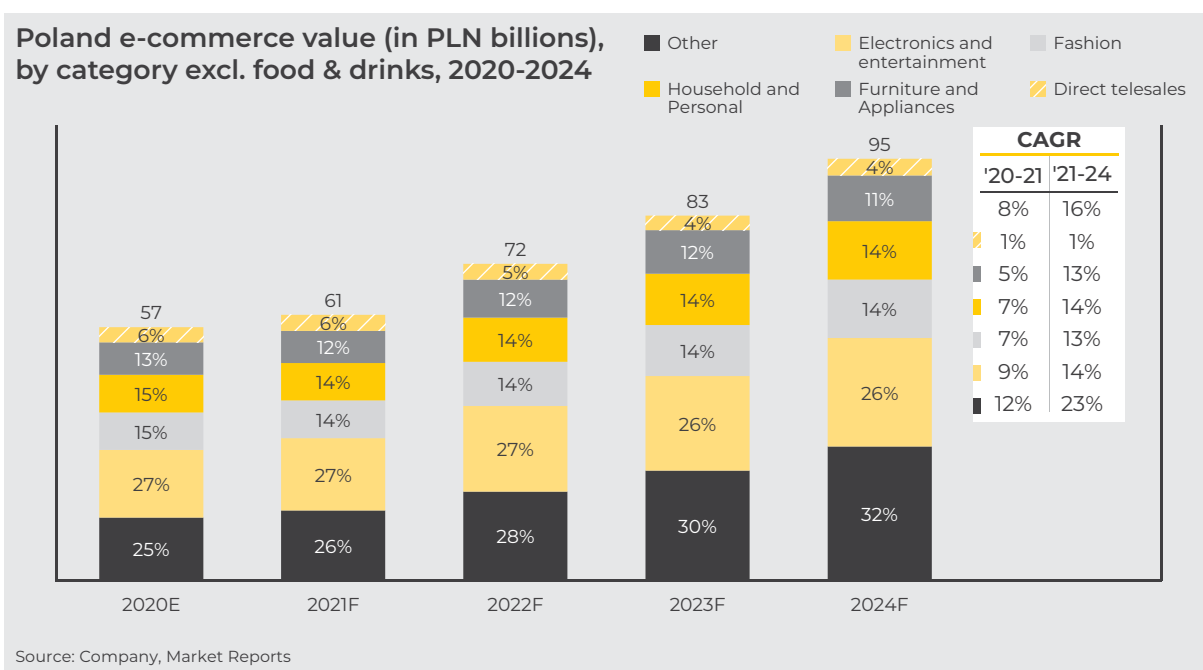
The total Polish e-commerce market is estimated to have reached PLN 57 billion in size (excluding food & drinks) in 2020, having grown 56% from 2019 to 2020 and a 17% CAGR from 2015 to 2019. In the past decade, e-commerce market value has grown approximately 8x from PLN 7 billion to 57 billion (Source: Company, Market Reports). The exponential growth was fuelled both from the demand and by the supply side. Consumers have increasingly chosen to shop online due to the ease of making a purchase as well as the 24/7 availability, which is the main restriction of shopping in a physical store. Moreover, the prevalence of smartphones has provided consumers with a fast and easy way to access shopping sites anywhere and anytime. Approximately 65% of online shoppers report that they shop by means of a smartphone and every third zloty spent on online shopping comes from orders placed on mobile devices (smartphones and tablets). In 2025, the mobile channel will have accounted for over half of online sales (Source: PMR). On the supply side, the retail landscape is predicted to evolve, as consumers are likely to increasingly turn to e-commerce across the range of product categories. Operators will likely develop omnichannel sales strategies, coupled with ancillary offerings such as a flexible return policy and free delivery. Delivery is critical to the entire e-commerce value chain as it connects merchants with consumers and enables e-commerce to reach a wider range of end consumers in a timely fashion. The Group believes that a speedy and successful delivery improves the consumer online shopping experience, increases consumer satisfaction, reinforces consumer confidence in online shopping, and in turn drives future growth for e-commerce spending.





The ongoing global COVID-19 pandemic has prompted an estimated 56% growth in the Polish e-commerce market in 2020, compared to a 5% decline observed in offline channels. A number of factors arising on the back of COVID-19 could contribute to a higher growth of the e-commerce market. Physical retailers, after a gradual re-opening over the summer of 2020, have been experiencing a re-introduction of restrictions in Q4 2020, which are ongoing. Re-opening may be slow due to continued high COVID-19 case numbers and potential delays in vaccination campaigns. Furthermore, consumer concerns, caused by, for example, reluctance to wait outside of a store because of the social distancing rules may have additional negative effects on physical retailing. The pandemic has also caused a significant amount of footprint consolidation and permanent closures due to financial challenges evidenced by the bankruptcies of retailers such as the Polish operations of both New Look and the Norwegian clothing brand Cubus in 2020. In addition, the investments made by retailers into e-commerce may materially drive a more attractive proposition for online consumers.

The Polish e-commerce market is expected to continue to experience strong growth in the next four years, albeit with some online spend being forecasted to revert to in-store in 2021, resulting in an 8% growth rate year-on-year. Continued strong growth from 2021 to 2024 is expected at roughly 16% per year, in line with historical trends. By 2024, the Polish e-commerce market is expected to reach a worth of PLN 95 billion (excluding food & drinks). Due to Poland's relatively small e-commerce market size compared to Western European countries, there are further upside potentials to the forecasted growth based on other Western European precedents. Additionally, the potential introduction of new entrants, such as Amazon, is likely to drive future e-commerce market expansion as evidenced in other markets, such as India.



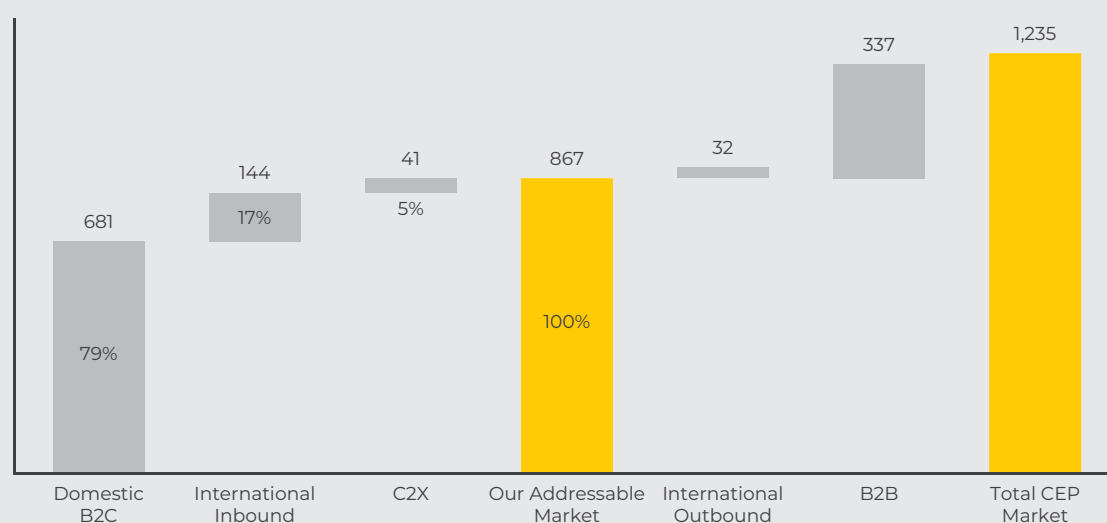
## Polish Parcel Delivery Market Overview

### Total Addressable Market

The Group defines its core addressable market as business-to-consumers (“B2C”), consumer-to-consumer (“C2X”) and consumer-to-business (“C2B”) and international inbound. The B2C market includes providing parcel delivery and return services for businesses to cater to their customers. The C2X market represents the segment where individuals send parcels to other individuals either based on an intermediated online transaction, for example via a platform such as Vinted, or without any intermediary, for example, between family and friends. The C2B market represents the segment where individuals send parcels to businesses. The international inbound market consists of parcels arriving into Poland from international online retailers such as AliExpress.

The total Polish parcel volume is estimated to have reached approximately 1.2 billion parcels by 2020, of which 867 million is the Group’s addressable market. This includes the Polish B2C, C2X markets and international inbound volume. The remainder is the business-to-business (“B2B”) market and international outbound market. Approximately 79% of the Group’s total addressable market consists of domestic B2C parcels (681 million), approximately 17% consists of international inbound B2C parcels (144 million), and approximately 5% consists of C2X parcels (41 million).

## Poland CEP<sup>2</sup> parcel volumes in 2020E (million)



Source: Company, Market Reports

Note: Rounding differentials apply.

### **Domestic B2C Parcel market**

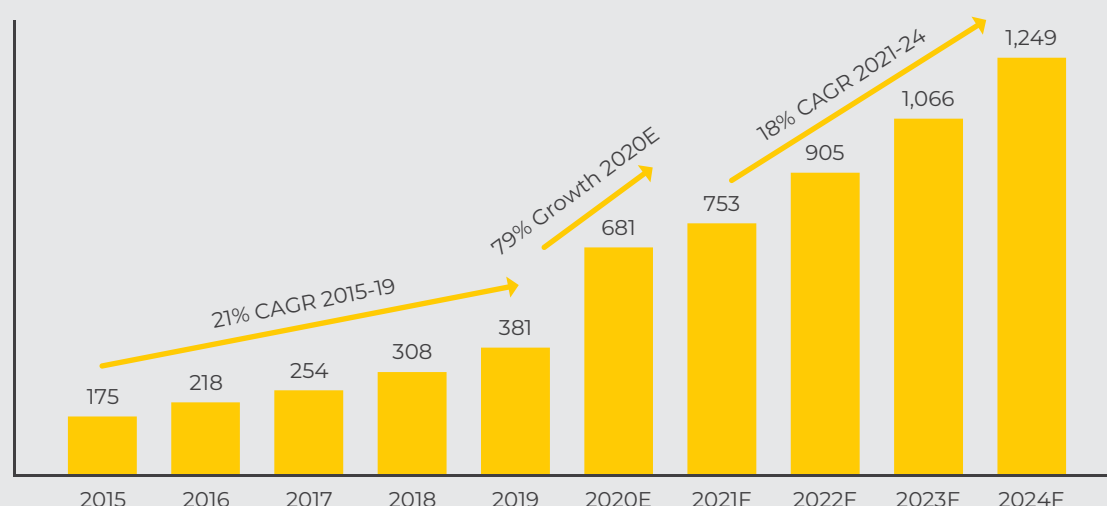
The Polish domestic B2C parcel market is estimated to have reached 681 million parcels in volume as of 2020, a significant growth of 79% from 381 million as of 2019. The outsized growth is mainly attributable to the strong growth of the Polish e-commerce market, accelerated by the demand boost experienced in 2020, due to the COVID-19 pandemic. Such growth is expected to remain strong as the Group expects high stickiness in online purchase behaviour post COVID-19. A few factors will impact the size of the B2C parcel delivery market, including total e-commerce spending, average parcel value and parcel return rate.

The average parcel value has seen a steady decline over the past years driven by an increase in fashion parcels which have a below market average value, and especially driven by the increasing popularity of “fast fashion” merchants such as Zara or Zalando. The decline in the order threshold for a free delivery service across the Polish market has also led to an increasing purchase frequency of small items, and this trend has been further accelerated by the launch of Allegro Smart! by Allegro. Based on a market study, the average parcel value fell from PLN 110 in 2015 over PLN 105 in 2019 to PLN 101 in 2020. It is expected to continue to decline at 1.5%-2% per year from 2021 onwards as a result of sustained outsized growth of fashion e-commerce spend and the Allegro Smart! penetration, reaching approximately PLN 95 in 2024.

The return rate has grown steadily between 2015 and 2019 from approximately 7% to approximately 28% as a result of increasing consumer confidence in online shopping (Source: Company, Market Reports). The growth of the return rate is estimated to have increased significantly in 2020 on the back of the strong penetration growth and mix shift towards fashion parcels, which have a higher than average return rate. Although the current return rate in Poland is amongst the lowest in Europe, in the longer term, return rates are forecasted to continue to grow to a similar return rate level as observed in other European markets of typically 30%-40% (Source: Company, Market Reports).

<sup>2</sup> CEP refers to Courier, Express and Parcel

**Polish domestic B2C parcel volume (million) (2015 – 2024)**



Source: Company, Market Reports

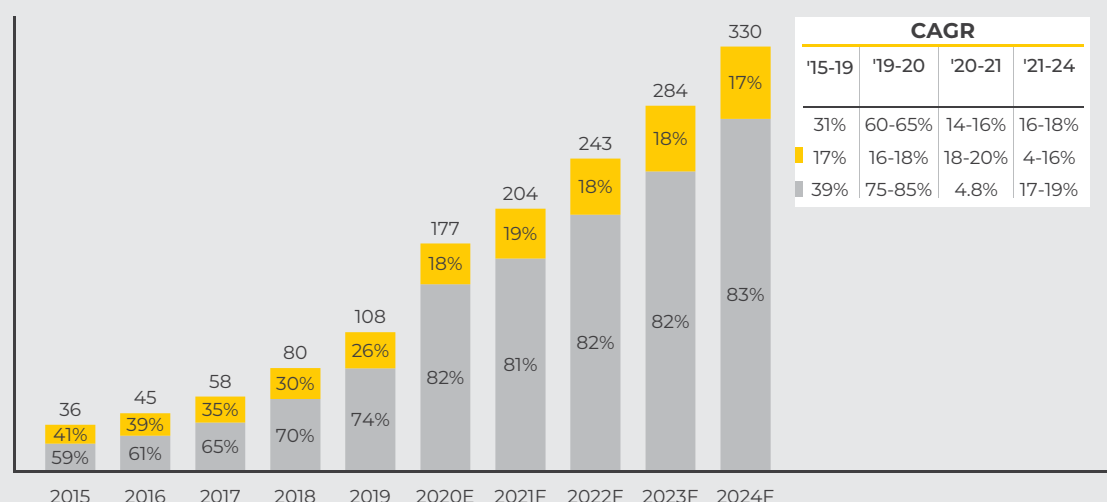
### ***International B2C market***

The international B2C parcel volume is made up of inbound and outbound parcels where inbound volume is estimated to have constituted approximately 82% of the total international B2C parcel volume in 2020, and outbound the remaining 18%. As of 2020 the total international B2C parcel volume is estimated to have reached 177 million, having grown at a 31% CAGR from 2015 to 2019 and an estimated 60-65% in 2020 (Source: Company, Market Reports). The strong growth was primarily due to the inbound volume growth that is driven by the increasing focus from Chinese e-commerce players, especially AliExpress, on the Polish market.

International inbound parcel volume experienced strong growth of a 39% CAGR from 2015 to 2019, and 75-85% from 2019 to 2020, due to AliExpress' growth in Poland. This growth is expected to continue in the coming years at a 17-19% CAGR from 2021 to 2024 as a result of Ali Express' focus on growing in Europe.

International outbound volume is mainly driven by fulfilment from large e-commerce platforms such as Amazon and Zalando, who use Poland as a fulfilment centre to complete orders in the DACH region (including Germany, Austria, and Switzerland). Outbound volumes are expected to grow on the back of volume growth of the DACH region and Poland's continued cost advantage.

## International B2C Parcel Volumes (million) (2015 to 2024)



Source: Company, Market Reports

### C2X parcel market

The C2X parcel market can be segmented into intermediated, which consists of parcels sent from one individual to another through an intermediated platform such as Vinted or OLX, and non-intermediated, which consists of parcels sent from one individual to another without an intermediary, for example, parcels sent to a family member or a friend. For 2020, the intermediated segment is estimated to have accounted for 90% of C2X volumes.

The overall C2X parcel volume grew at a 6% CAGR historically from 2015-2019, and 7-9% from 2019 to 2020, reaching 41 million, representing approximately 5% of the total addressable market. This growth was mainly driven by intermediated C2X parcel volumes historically offsetting the approximately 10% decline in non-intermediated parcel volume during the same period. Growth in the intermediated segment could be attributable to consumers' rising awareness of sustainability and recycling and re-use of goods as well as increased penetration of platforms.

Going forward, the overall C2X market is expected to grow at an 8-10% CAGR from 41 million in 2020 to 58 million in 2024, representing an approximately 4% share of the expected total addressable market in that year, largely due to the expected high growth of the intermediated platforms. Peer-to-peer marketplaces and in particular Vinted – a high-growth marketplace focused on the sale of second-hand clothes with 34 million users globally (Source: Vinted company website as of January 2021) – are expected to drive future growth in the intermediated segment. The non-intermediated segment is likely to continue to see a decline as it becomes less common to send parcels to friends and family, and its share of C2X volumes is expected to retreat from 10% in 2020 to 5% in 2024.

### Other addressable markets

Apart from the domestic B2C, international inbound and C2X parcel markets, the Group also considers its broader market to include fulfilment for e-commerce and e-Grocery.

Fulfilment is located in the middle of the e-commerce value chain with key activities including storing retailer stock, warehouse and stock management, order processing, creating delivery orders and order picking and packing. Fulfilment is crucial for the e-commerce offering as it is vital to ensure that delivery promises made to consumers are met. The Group assumes that currently approximately 75 thousand online retailers are active in the Polish market, and this number is expected to grow to approximately 83 thousand by 2024. Based on an online retailer survey conducted by a third party, currently approximately 19% of the merchants in Poland outsource fulfilment operations and the outsourcing rate is expected to grow to 25-30% by 2024 (Source: Company, Market Reports). As retailers grow their online presence and expand their online offerings, order fulfilment is expected to become more complex and require more advanced capabilities that a professional fulfilment operator will be able to provide. The success of fulfilment operations is dependent on a number of factors such as fulfilment centre footprint, IT systems, operational

efficiency, industry track record, and human capital. Fulfilment operators are expected to require significant warehouse space to accommodate the seasonal volatility of merchants' stock volumes. In addition, high quality IT systems and analytic tools that can be easily integrated with merchants' systems are also essential in running a successful fulfilment outsourcing operation. Furthermore, optimised operational efficiency as well as a proven track record in the fulfilment industry is expected to be vital to retailers when making the decision to outsource their fulfilment activities. Finally, the ability to obtain and train a large number of staff is also expected to be a crucial factor in establishing a smoothly run fulfilment operation. Going forward, larger firms are likely to be driving the higher penetration of outsourcing of fulfilment operations due to the cost efficiency factor and speed to pick, pack and ship products to the consumer.

E-Grocery has a market size of PLN 4 billion as of 2019 having grown at 31% per year from 2015 to 2019. The Polish e-Grocery market is relatively nascent and underpenetrated with the online channel only accounting for 1.9% of the total food and drink spend, compared to the more mature European markets such as UK and France, with 6.9% and 5.4% respectively. Given the size of the total e-Grocery retail category (approximately 48% of total Polish retail spend), a 1 percentage point increase in penetration would lead to an approximately PLN 2 billion increase in e-Grocery market value. Post COVID-19, it is estimated that e-Grocery penetration will have increased to approximately 4% in 2020 and eventually reach approximately 6% in 2024. Total Polish e-Grocery delivery volume is estimated to have more than doubled in 2020 (up to 68 million) and grow at approximately 17% per year until 2024, reaching a market size of approximately 129 million deliveries (Source: Company, Market Reports).

### **Polish parcel delivery by types**

Consumers who make purchases online can receive their parcels in four ways (i) APM – parcels are delivered to an APM that hosts lockers of various sizes and the consumer receives a notification to pick up the parcel from the lockers with a secured code or through their mobile app; (ii) to-door – parcels are delivered by a courier and directly handed to the consumer at their selected delivery address; (iii) PUDO – consumers can pick up the parcels from a pick up or drop off point away from their home; (iv) Click and collect – consumers can collect the parcels from retailers' stores once they place orders online.

APM delivery plays an increasingly important role in the Polish e-commerce ecosystem as it solves a number of critical challenges and promotes a superior customer experience. It represents a more convenient, cheaper and greener option in comparison to to-door delivery. Its 24/7 accessibility and pick-up experience make APM delivery attractive for consumers. On average, APM delivery is 20-25% cheaper than to-door delivery due to the fact that a significantly higher number of parcels can be delivered in one trip to an APM. This results in saving in delivery cost per parcel. APM delivery also results in a reduction of CO<sub>2</sub> emissions, as well as traffic congestion in comparison to to-door delivery, as it reduces the number of delivery vans on the road.

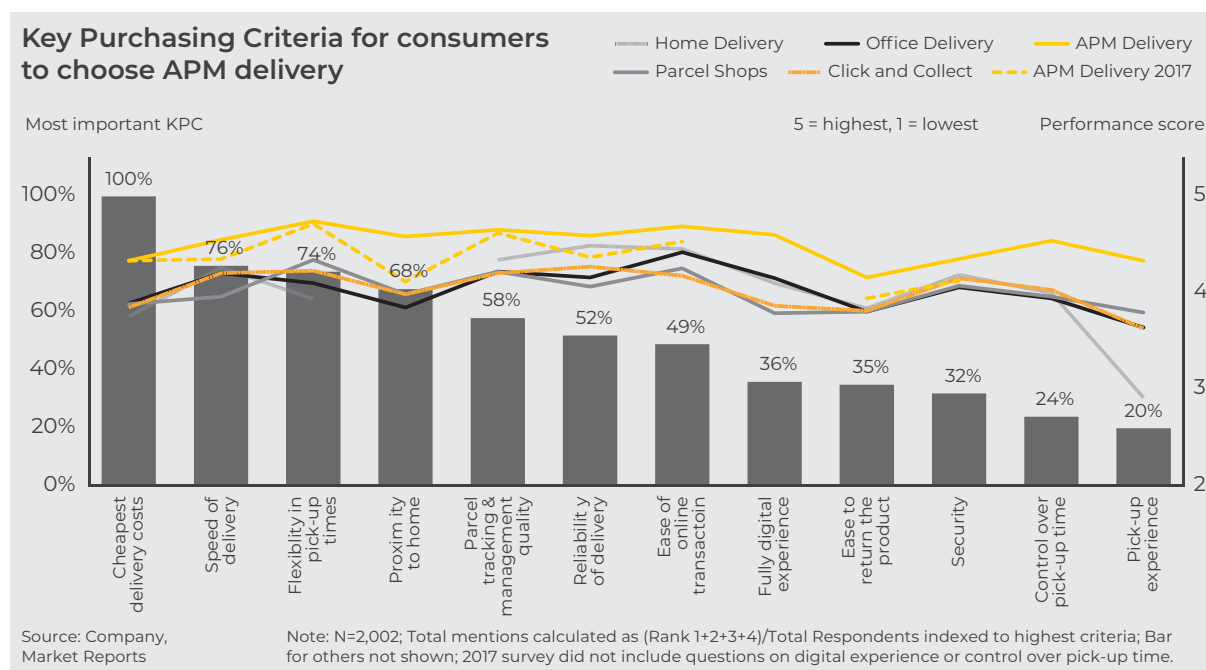
From consumers' point of view, the Group's APM delivery offers a number of benefits that make it an attractive delivery method:

- (1) APM delivery enables a seamless parcel pick-up experience with low waiting time, easy accessibility and high safety as there is a low risk of parcels stored in dedicated lockers being damaged. In addition, consumers enjoy a greater level of flexibility as to which locations they have their parcels delivered to, as APMs are widely accessible in Poland as a result of the Group's wide APM network coverage. The Group's APMs are within 7 minutes of walking time from 48.7% of the Polish population.
- (2) Consumers can easily access the lockers at a time that is most convenient for them due to the fact that most of the APMs in Poland are installed outdoors. Consumers can pick up multiple parcels at once without having to wait for multiple couriers.
- (3) When delivery costs are not covered by merchants, the price of delivery is a key contributor to the total basket price for consumers. APM delivery is typically 20-25% cheaper than to-door delivery.
- (4) Speed of delivery has become increasingly important to consumers and APM delivery significantly reduces the risk of a failed delivery attempt compared to to-door, thereby reducing delays in delivery due to failed attempts.
- (5) APM delivery allows for a quick and smooth return handling for consumers and the Group also offers labelless returns which significantly increases return convenience.



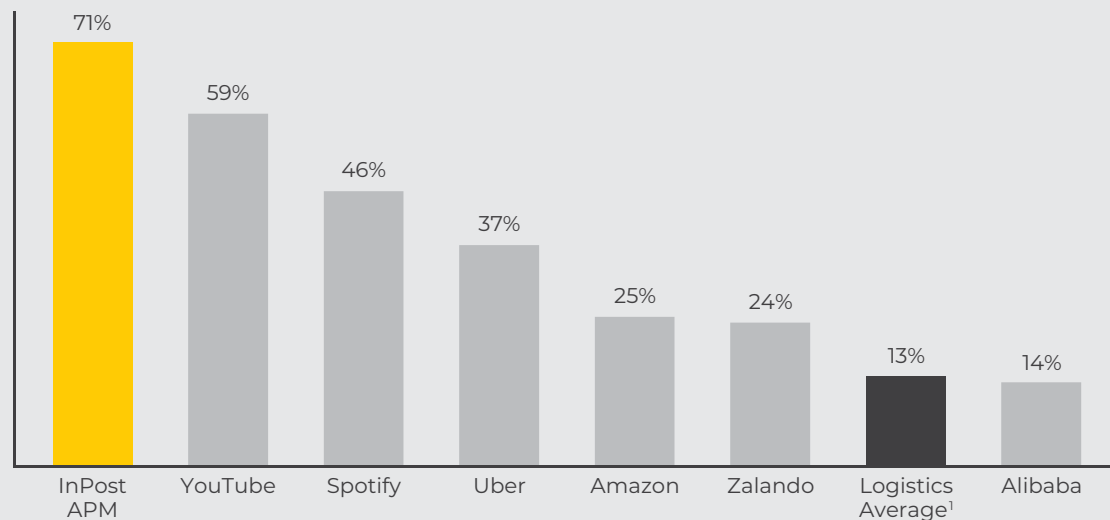
- (6) APM delivery offers an excellent user experience to consumers due to its integration with a well-designed, customer centric mobile app allowing consumers to open lockers in a contactless manner.
- (7) APM delivery is more environmentally friendly compared to to-door delivery as it significantly reduces the distance travelled during the last mile delivery process, and therefore reduces CO<sub>2</sub> emissions; APM delivery results in lower CO<sub>2</sub> emissions per parcel by 66% in urban areas and 90% in rural areas.

As demonstrated below, APM delivery outperforms all other delivery options across key purchasing criteria and has also improved performance over the last three years. The below graph shows the results of a market research in response to the question: “which of the stated delivery criteria do respondents consider the most important when purchasing through an online retailer, and how does each delivery method perform against these criteria?”



According to a Polish consumer survey conducted by a third-party market researcher, the Group’s APM delivery service has a Net Promoter Score of 71%, which is significantly higher than the Net Promoter Score of any other parcel delivery service provider in Poland (which is 15% on average), but also significantly higher than the Net Promoter Scores of other global consumer service providers across other industries. When asked to indicate how likely consumers would be to recommend the following delivery option to a friend or family (10 being the most likely and 0 not likely), significantly more consumers showed willingness to recommend APM delivery, evidenced by the 66% of overall Net Promoter Score for APM delivery (66% includes other operators; InPost APM delivery has a higher Net Promoter Score of 71%), compared to a to-door Net Promoter Score of 14%, a PUDO Net Promoter Score of 22% and a Click and Collect Net Promoter Score of -2% (Source: Company, Market Reports).

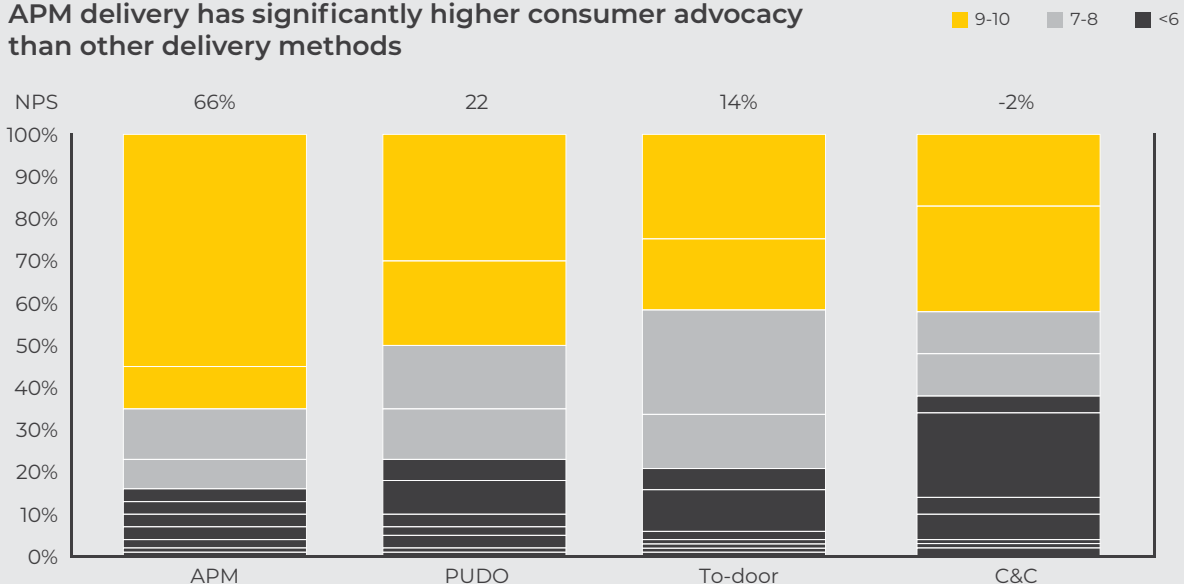
## Net Promoter Score



Source: Company, Market Reports

Note: N = 2,002; Logistics Average includes DHL, DPD, UPS, FedEx, TNT, Poczta Polska, GLS, Global Logistics.

## APM delivery has significantly higher consumer advocacy than other delivery methods



Source: Company, Market Reports

Note: N = 2,002; APM includes InPost APMs as well as other operators; the InPost APM NPS is 71% as discussed above.

From the perspective of online merchants, APM delivery represents a better and more efficient way of transporting merchandise to consumers for the following reasons:

- (1) The strong consumer value proposition of APM delivery helps merchants to drive basket conversion and repeated buying. Based on a market survey conducted by Gemius in 2020 (Source: 2020 Gemius market survey, N=1,131), 68% of online shoppers respond that APM delivery makes them more likely to shop online.
- (2) APM delivery is more reliable and consistent as it reduces the risk of delivery failures caused by consumers not being at home at the time of delivery and human factors in the delivery process compared to other means of delivery.
- (3) APM delivery improves courier efficiency driven by parcel drop density, which in turn significantly reduces the cost and distance of last mile delivery (less than half of the cost of to-door delivery for a delivery volume of more than 70 parcels). Instead of making multiple delivery trips to individual homes, couriers only need to make one trip to the APM and are able

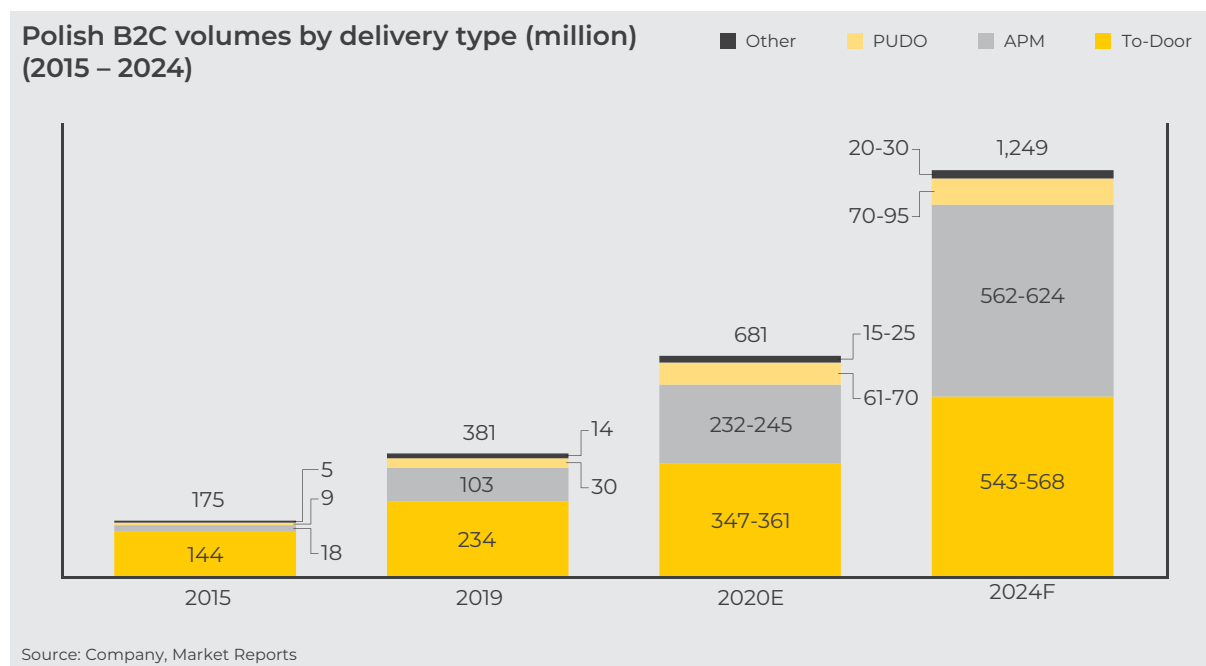
to deliver multiple parcels successfully in one trip. By doing that, APM delivery is also able to significantly reduce the costs associated with failed delivery, which forms a meaningful part of the delivery costs for merchants.

- (4) APM delivery allows for a quick and smooth return handling with low costs as collection through APMs is cheaper compared to pick up at the door.
- (5) As mentioned above, APM delivery is more environmentally friendly than traditional to-door delivery, which is aligned with merchants' increased focus on sustainability.

The market share of APM delivery has been historically driven by supply, with an increasing number of APMs installed driving consumer awareness and availability. As of the date of this Prospectus, in Poland, APM delivery enjoys approximately 35-36% of the total B2C parcel delivery market with 48.7% of the population being able to find an APM within 7 minutes of walking time from their homes (Source: Company information). The proximity of an APM is crucial in the growth in demand for APM delivery as the Group believes that APM deployment has been a key driver of the growth of APM delivery's share of the total parcel delivery market. Therefore, further APM deployment is expected to drive further market share increase to approximately 50% by 2024 (Source: Company, Market Reports). The adoption of APM delivery has also been driven by the convenience and flexibility it provides over other delivery methods due to 24/7 availability, close proximity and high success rate of delivery.

2020 has seen an even larger shift to APM as a preferred way of delivery compared to to-door delivery as APM delivery is perceived as a more hygienic option due to the contactless element. The overall APM parcel volume in Poland is estimated to have grown at approximately 130% from 2019 to 2020, outpacing all other delivery methods and is expected to continue to grow at approximately 25-30% per year going forward, nearly double the growth of to-door delivery (Source: Company, Market Reports).

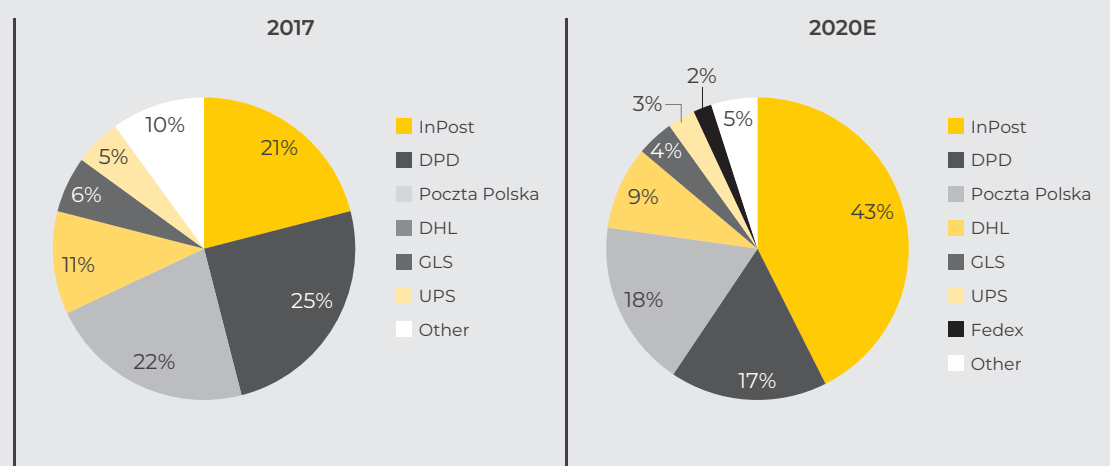
In comparison to APM delivery gaining market share, to-door delivery is expected to lose market share relative to APM delivery. To-door delivery has decreased in its share of the B2C parcel volume from 62% in 2019 to approximately 51-53% in 2020 and is expected to further decline to approximately 44-46% by 2024, despite an increase in overall parcel delivery volume (Source: Company, Market Reports).



## Competitive Landscape

The Polish logistics market mainly consists of seven international and domestic providers, including InPost, Polish Post, DHL, UPS, FedEx, DPD and GLS. The Group is the only player that focuses primarily on the B2C market and APMs, being the pioneer of the APM solution in Poland and the only scale provider with countrywide coverage. The Group's market share of the total Polish B2C parcel market has grown from approximately 21% in 2017 to approximately 43% in 2020, benefiting from its extensive APM deployment over the years, making it the number one B2C player in Poland.

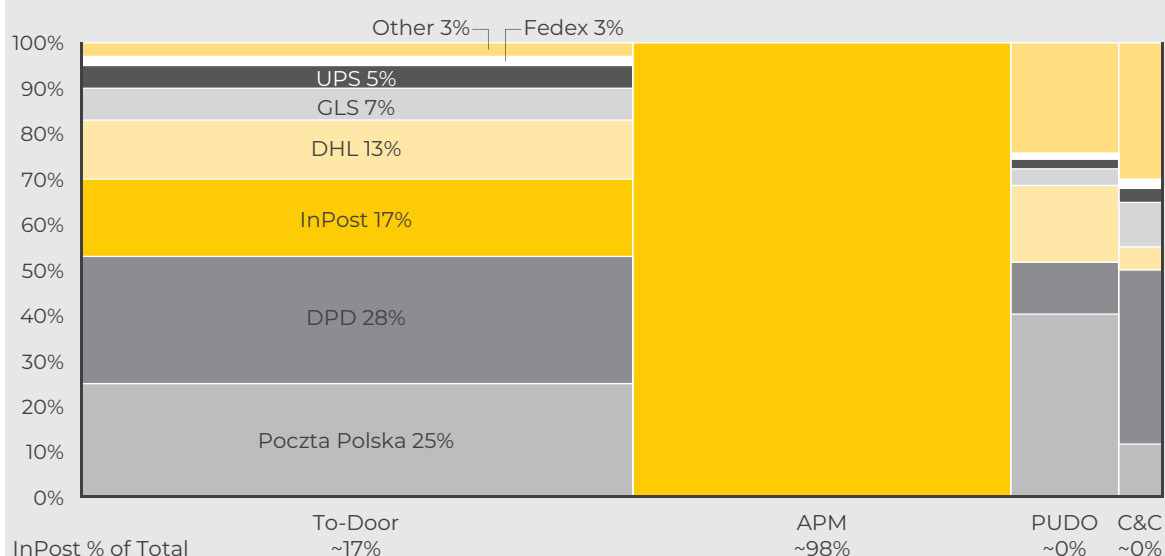
### Polish B2C parcel market share (2017 vs 2020E)



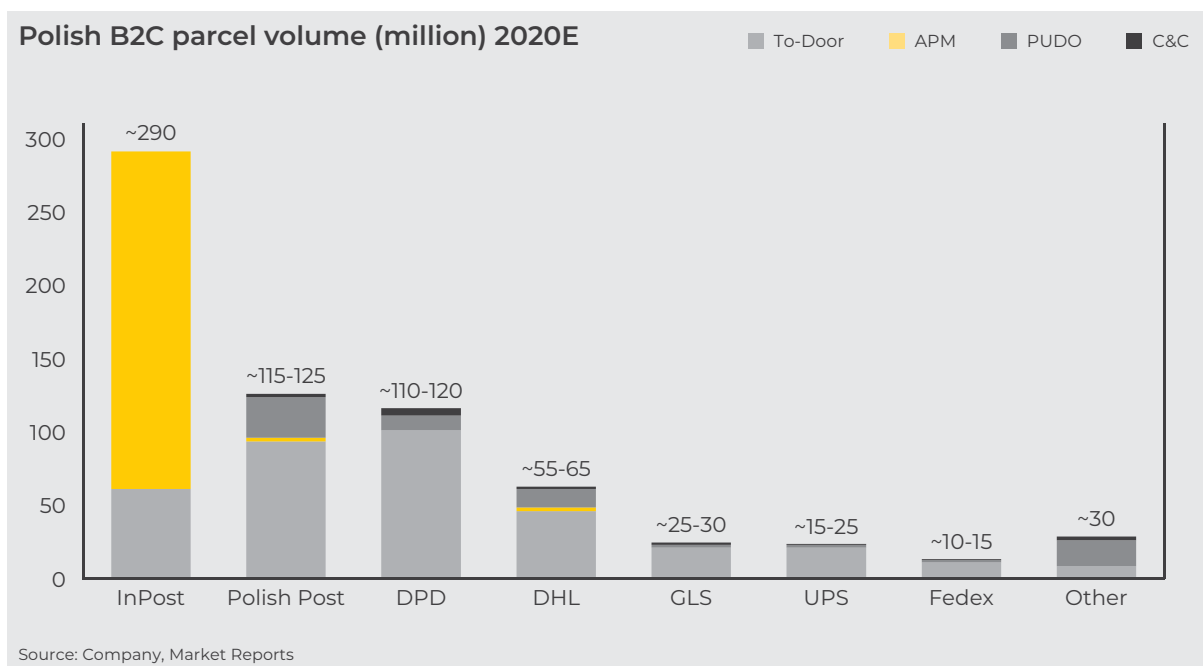
Source: Company, Market Reports

The Group served approximately 98% of the APM deliveries in the Polish market and 17% of the to-door delivery volume in 2020. In Poland, the Group is the number one delivery service provider in the APM delivery market and number three in the to-door market. Polish Post and DPD, the Group's two main competitors, are both mainly focused on the to-door market with approximately 25% and approximately 28% market share respectively of this market segment. In terms of parcel volume delivered, the Group accounted for approximately 38% of the total Polish B2C parcel volume in 2019 and the Group estimates to have delivered approximately 43% of the total parcel volume in 2020.

### Domestic B2C parcel delivery provider volume market share by delivery method (2020E)



Source: Company, Market Reports



Based on Tradewatch data, the Group's share of checkout at the largest Polish online retailer, Allegro, amounted to 67% as of Q3-2020. APM delivery is also expected to continue to gain market share due to its lower cost base and excellent customer satisfaction, which in turn encourages merchants to promote the use of APM delivery, driving an increased share of checkout for APM delivery. As a result, the Group is consistently in the top two delivery options on major e-commerce websites in Poland.

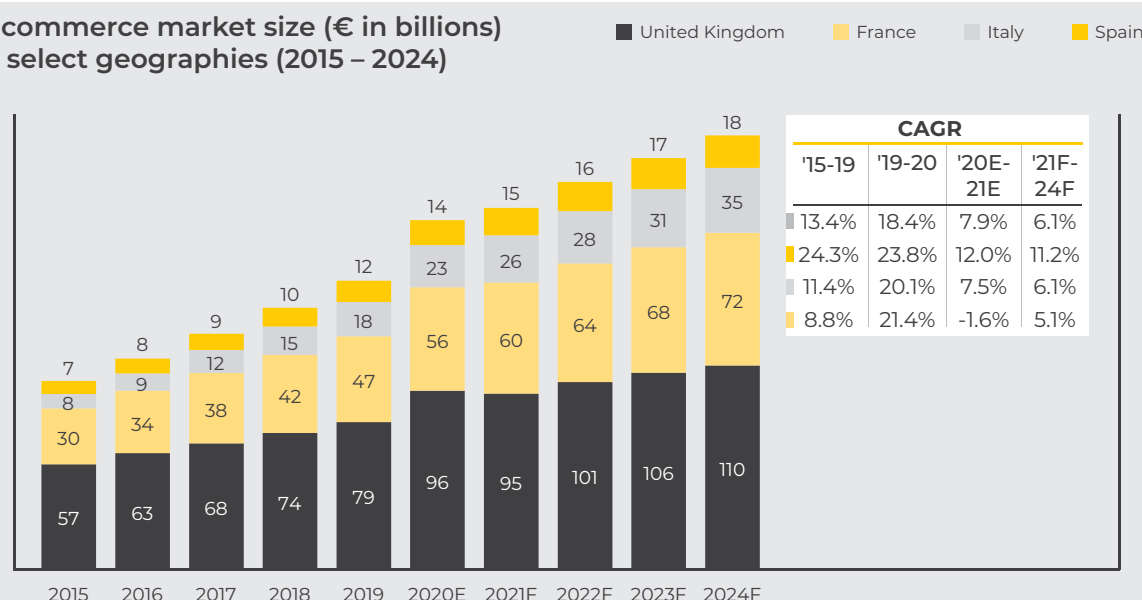
The Group's competitive advantage is its value proposition to end users as well as to online merchants. For end users, the Group offers a superior customer experience, great convenience, 24/7 accessibility and better environmental credentials in comparison to to-door delivery. For the Group's online merchants, it is able to provide reliable services with unique capacity and allow them to be cost competitive. Also online merchants attribute value to APM delivery as the more environmentally friendly delivery option, which helps them achieve their sustainability goals and reduce their CO2 emissions. Due to the fact that the Group is able to drop multiple parcels in one delivery to an APM, it is able to save significant last mile costs. For instance, for a delivery of more than 70 parcels, the Group is able to save more than half of the costs compared to to-door delivery. Within the B2C market, to-door delivery pricing has increased due to increasing wage costs of courier drivers. The Group believes that it will continue to remain competitive in the premium delivery category with the new offering of more value-added services such as same day delivery (delivery to an InPost locker by 9 pm), weekend delivery and night premier (pre-loaded lockers for exciting midnight product releases).

### International e-commerce and parcel delivery market

Western Europe represents the third largest e-commerce market after North America and Asia Pacific in terms of per capita expenditure. Double-digit growth in e-commerce sales was observed over the 2014 to 2019 period. As one of the most digitally advanced regions, Western Europe enjoys near ubiquitous internet access and extensive high-speed broadband coverage as well as high penetration of digital devices, all of which contributed to the high growth experienced in the past few years.

In other European countries, similar secular growth in e-commerce as in Poland has been observed, albeit at a different pace. Historically e-commerce penetration has grown by approximately 1-2 percentage points per year in the UK, France, Italy and Spain from 2015 to 2019 (excluding food and beverages). The COVID-19 pandemic has also accelerated e-commerce penetration in these European countries, with double-digit growth in 2020 being estimated for these countries. Combined, these countries represent a total e-commerce market size of approximately €186 billion in 2020. From 2021 to 2024, the UK, France, and Spain are expected to see 5-6% growth per year in the e-commerce market, while Italy remains the fastest growth country with an estimated growth of above 10% per year.

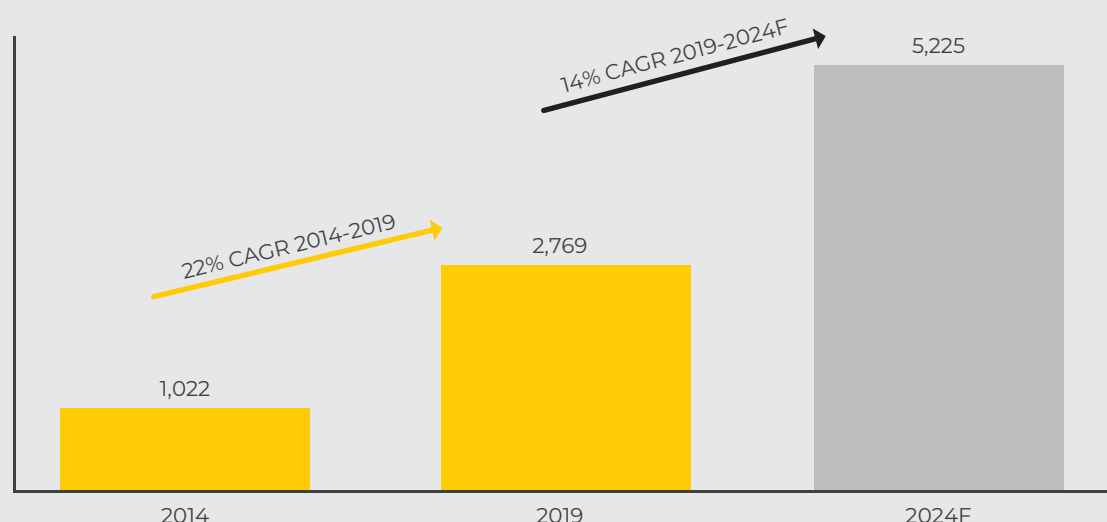
### E-commerce market size (€ in billions) in select geographies (2015 – 2024)



Source: Company, Market Reports

The UK is the largest e-commerce market in Europe with a market size of approximately €96 billion in 2020, having grown at approximately 9% from 2015 to 2019 and expected to grow at 5% from 2021 to 2024. In terms of e-commerce penetration, the UK also is one of the most penetrated markets at 27% in 2019 compared to 13% European average (excluding food and beverages, source: Company, Market Reports). Consequently, B2C parcel volumes in the UK have also experienced strong growth, and are expected to further grow at an estimated CAGR of 14% 2019 through 2024. However, in the UK parcel delivery is still primarily done by postal service or to-door couriers, with approximately 20% of out of home deliveries and very limited APM presence. The UK also has a high parcel return rate of 40% (Source: Company, Market Reports) and the return process is cumbersome as it involves consumers having to physically travel to the post office or drop off point to complete the return delivery. As of the date of this Prospectus, Amazon has a network of approximately 2,500 APMs in the UK, albeit only serving merchandises purchased on Amazon's own platform. As of the date of this Prospectus, the Group is the number two APM operator in the UK, with approximately 1,000 APMs installed. On a per million people basis, the UK market is severely underpenetrated with only 50 lockers per million people, about 20% of that of Poland. Similarly, as shown below, other major European countries also have low APM penetration rates ranging from 20 to 100 lockers per million people.

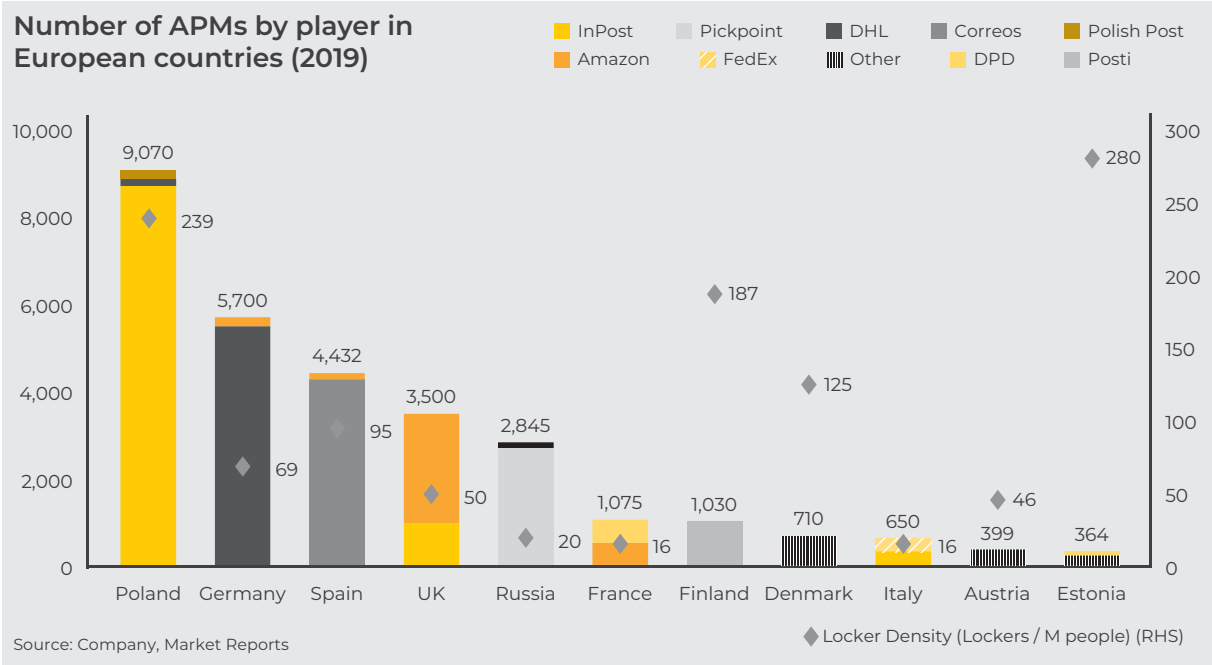
### UK B2C Parcel Market Volume (millions)



Source: Company, Market Reports



Countries such as the UK, France, Italy and Spain represent significant opportunities for the Group as these countries all have high population densities (and a high proportion of urban population), a medium to high e-commerce market size and growth forecast and a lack of scaled domestic APM players. Due to the abovementioned characteristics, the Group believes there is significant potential for APM delivery to gain share in these markets. Customers across Europe value the flexibility of receiving deliveries at a time and location that is convenient to them. As customers across Europe are increasingly expecting same day or next day delivery, APMs represent a superior method for parcel delivery both from a cost efficiency perspective and from a convenience, accessibility and sustainability perspective. An increasing demand for seamless returns is also a key driver for the European parcel market as well as a differentiating factor for various delivery methods. Labelless and contactless return processing through lockers provides a significant improvement in returns convenience. As evidenced in the Polish market, sufficient APM deployment and population coverage is critical to attract online retailers and consumers and to realise operational benefits by capturing economies of scale. Achieving sufficient density of an APM network is expected to be key in offering a lower cost and convenient and reliable delivery option to merchants and consumers. As the adoption increases, consumer awareness and satisfaction are also forecasted to increase, thereby driving more demand for APM delivery, which in turn prompts more merchants to offer APM delivery as a delivery option. Once an APM network has achieved enough scale through a dense and well-deployed network, the penetration of APM delivery is expected to be largely driven by the supply of APMs, as is the case in Poland.



## BUSINESS OVERVIEW

*The information described in this section applies to the Group, unless specified otherwise.*

### Overview

The Group is the leading e-commerce enablement platform in Poland, providing APM delivery services, to-door delivery services and fulfilment services to e-commerce merchants (Source: Company, Market Reports). The Group also has growing operations in the UK. During and as at the year ended 31 December 2020, the Integer Group handled 310 million parcel deliveries, had more than 1.5 million lockers installed across its network of 12,254 APMs, had approximately 26,227 integrated merchants and 5.7 million active mobile users on its mobile application. Although historically the Group has primarily handled B2C deliveries, its operations increasingly also involve C2X deliveries. The Group's vision is to become Europe's leading out-of-home automated solution for e-commerce.



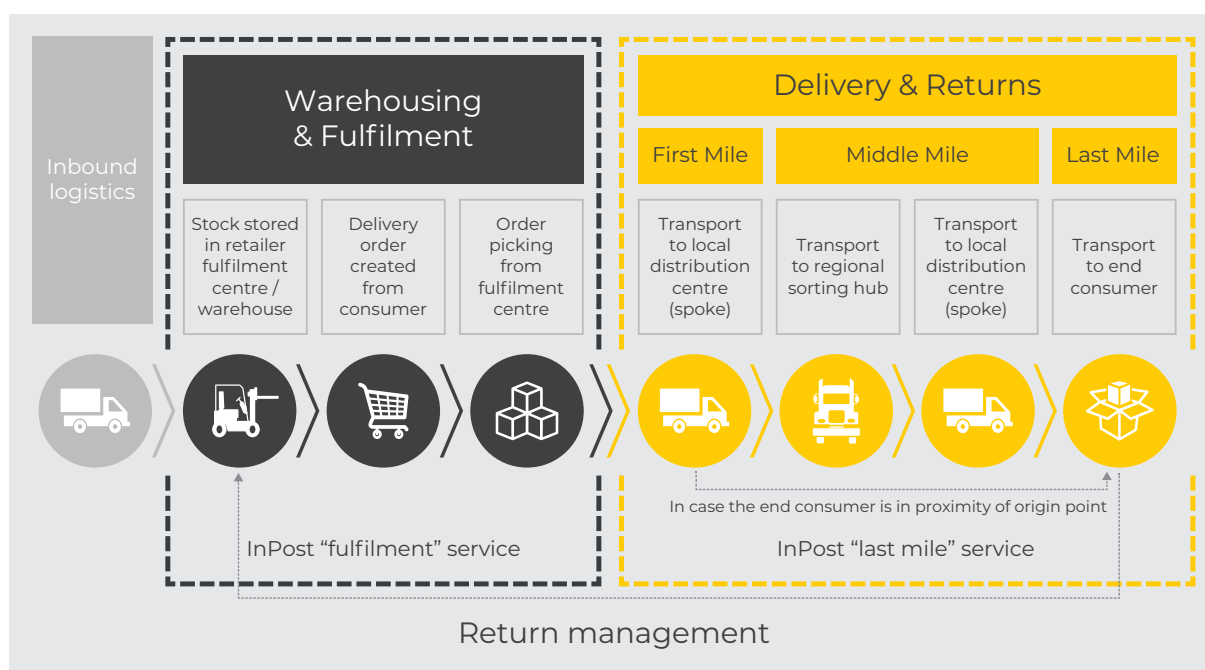
Example of an APM unit

The Group generates revenue primarily by providing APM delivery services. APMs are units with autonomous parcel lockers that allow for the delivery and receipt of packages. APMs provide consumers with a flexible and convenient delivery option, as they allow pick-up from lockers at any time of day, while the service costs are generally lower than the costs for traditional to-door delivery. Additionally, through the Group's mobile application 'InPost Mobile', consumers can access its parcel lockers in Poland in a fully remote, contactless manner and manage all their parcels, as they automatically appear in the application as soon as they are sent by the merchant. This application also allows individual consumers to access certain services offered by the Group that have unique product features not offered by other e-commerce delivery providers such as label-less parcel sending via APM. This application is expected to be launched in the UK in 2021. The Group offers next day and weekend delivery, which is crucial for an attractive value proposition in the delivery service, as consumers increasingly wish to receive their parcels as soon as possible after the order has been placed. In the year ended 31 December 2020, Poland had the largest number of APMs in the European Union, while approximately 98% of APMs in Poland were owned and operated by the Integer Group (Source: Company, Market Reports). During the year ended 31 December 2020, the Integer Group handled 247 million parcel deliveries through its APM delivery services, compared to 102 million parcel deliveries over the year ended 31 December 2019. As at 31 December 2020, the Integer Group owned and operated 10,776 APMs with almost 1.5 million lockers across its network in Poland. The Group intends to expand its APM network in Poland in the upcoming years.

In order to ensure that the Group can serve all of its merchants' delivery needs, it also provides to-door delivery services to e-commerce merchants in Poland, where it delivers parcels directly to the home or office address of consumers. During the year ended 31 December 2020, the Integer Group handled almost 61 million parcel deliveries through its to-door delivery services, compared to 40 million parcel deliveries over the year ended 31 December 2019.

The Group generates additional revenue by providing fulfilment services to e-commerce merchants. These services provide merchants with a one-stop-shop solution and enable the Group to offer its merchants later cut-off times. Through the Group's fulfilment services, it stores, prepares, packages and delivers the products to the consumer and manages product returns. Furthermore, for certain merchants the Group collects the products directly from the merchants' supplier and transports them to its sorting hubs and depots for further handling, allowing merchants to completely outsource their fulfilment and delivery process and focus on generating revenue, rather than managing operations.

The figure below illustrates how the Group fits in the e-commerce value chain.



The Group believes that 'InPost' has become a household name in Poland and is a trusted business partner that e-commerce merchants and consumers rely on for their parcel delivery and returns solutions. With approximately 13.6 million APM users as of September 2020, the Net Promoter Score for the Integer Group's APM services was 71% in 2020, which is more than two times higher than the overall delivery service Net Promoter Score of the Integer Group's nearest competitor. Moreover, through its APM delivery services, the Group is creating a greener solution for e-commerce, as locker delivery services result in a reduction of CO<sub>2</sub> emissions by two-thirds compared to to-door deliveries in urban areas (Source in each case: Company, Market Reports). As at 31 December 2020, the Integer Group had contracts with 26,227 merchants predominantly in the e-commerce space. Some of the largest merchants in its portfolio include Allegro, Amazon, AliExpress, Vinted, H&M, Inditex, Lidl, LPP, CCC, Eobuwie.pl and Empik.

The Group's technology platform is designed to provide a best-in-class experience for its merchants and consumers with a strong focus on scalability, security and performance of each component of the platform. A key component of the Group's technology platform is its highly rated (a 5.0 star rating in the Apple App Store as at 29 October 2020) consumer-facing mobile application 'InPost Mobile', which is one of the most successful apps in Poland with 5.7 million active users as of 31 December 2020.

For the year ended 31 December 2019, the Integer Group recorded revenue of PLN 1,232.0 million, net profit of PLN 50.8 million, Operating EBITDA of PLN 350.1 million and Operating EBITDA Margin of 28.2%, compared to revenue of PLN 726.2 million, net loss of PLN 14.8 million, Operating EBITDA of PLN 109.7 million and Operating EBITDA Margin of 14.9% for the year ended 31 December 2018. For the nine months ended 30 September 2020, the Integer Group recorded revenue of PLN 1,666.2 million, net profit of PLN 208.7 million, Operating EBITDA of PLN 635.6 million and Operating EBITDA Margin of 37.9%, compared to revenue of PLN 832.5 million, net profit of PLN 24.5 million, Operating EBITDA of PLN 230.0 million and Operating EBITDA Margin of 27.4% for the nine months ended 30 September 2019. For the nine months ended 30 September 2020, 99.4% of the Integer Group's revenue and other operating income was derived from Poland.

### The Group's Key Strengths

***The Group has the leading position in the Polish e-commerce logistics market and is well positioned to capture the growth opportunities in this growing market.***

The Group is the leader in the Polish e-commerce logistics market and the preferred APM delivery company for merchants and consumers in Poland. Its share of the domestic business to consumer delivery parcel volume in Poland increased from 21% in the year ended 31 December 2017 to 43% in the year ended 31 December 2020, which is 2.4 times the volume of the second largest delivery company in Poland.

Its share of the APM delivery segment in Poland was approximately 98% for both 2019 and 2020 (Source: Company, Market Reports).

The Group was the first company to introduce delivery to APMs in Poland in 2010 and benefits from the first-mover advantage. This has enabled the Integer Group to build up relations with 23,500 merchants as of 30 September 2020 and to create the largest APM network in Poland consisting of 9,782 APMs and 1.3 million lockers. This network enables 48.7% of the Polish population to reach one of its APMs within 7 minutes of walking time. By 31 December 2020, the merchant base grew to approximately 26,227, and the network in Poland grew to 10,776 APMs with almost 1.5 million lockers. The unique scale of the Group's APM network delivers convenience for its consumers, as proximity is a key factor for consumers in deciding on using an APM. The Group's coverage in turn improves the value proposition for its merchants given that by using the Group's platform, they can cover a large share of the population. APM delivery has become an important delivery method for e-commerce platforms in Poland. In the year ended 31 December 2015 only 10% of all B2C parcels was delivered to APMs (Source: Company, Market Reports). This has increased to approximately 35% in the year ended 31 December 2020, and is expected to further increase to 45-50% in 2024.

E-commerce represented 13% of the retail market (excluding food and beverages) in Poland in the year ended 31 December 2019, which is among the lowest online penetration of the markets in Europe and is underpenetrated compared to other countries globally. For example, China has an e-commerce penetration of 37%, the United Kingdom has an e-commerce penetration of 27% and the United States has an e-commerce penetration of 22% (in each case excluding food and beverages, source: Company, Market Reports), see *"Industry Overview – Polish Parcel Delivery Market Overview"*. The e-commerce market is growing at a faster rate in Poland with a CAGR of 20% from 2005 to 2019, compared to the average CAGR in Europe of 15% from 2005 to 2019. The Group expects that the e-commerce market in Poland will continue to grow over the next years with the total addressable parcel volume being expected to grow at approximately 14% per year in the period from 2020 to 2024 (Source: Company, Market Reports), see *"Industry Overview – Polish e-commerce Market Overview"*. As the number one e-commerce delivery company in Poland, the Group believes that it is well positioned to continue to drive and benefit from the shift from offline to online shopping and the growth of its merchants. Furthermore, the Group intends to increase its market share by fostering a shift in consumer preference from to-door delivery, PUDO and Click and Collect to APM delivery. As its market share of the overall business-to-consumer delivery market in the year ended 31 December 2019 in Poland was 43%, there is significant opportunity to increase the Group's market share, accelerating its growth.

***The Group's platform has grown rapidly in the past as it is able to benefit from a flywheel driving an accelerating increase in consumer and merchant adoption at scale.***

The Integer Group has experienced significant growth in the past, as evidenced by a revenue and other operating income CAGR of 58% from the year ended 31 December 2017 to the year ended 31 December 2019. The Group's growth model is underpinned and accelerated by, among others, the so-called 'flywheel' effect (illustrated below), which drives its financial performance. Its consumers are at the centre of the Group's flywheel concept. The Group delivers great convenience to its consumers (See *"Consumer Satisfaction"*), which increases usage and adoption and consequently the demand for more lockers. As the Group continues to expand its APM network and increase the density thereof, its services become increasingly more attractive for consumers. Consumer satisfaction encourages merchants to use the Group's delivery method and promote APM usage to their consumers. As more consumers choose APM delivery at check-out, the Group's unit costs are further reduced due to relevant economies of scale. These cost savings enable the Group to further roll out the APM network and invest in technology. This in turn leads to greater convenience for both the Group's consumers and merchants. The flywheel therefore creates a virtuous cycle, which has accelerated the Group's growth while offering a greener solution for e-commerce.



The Group aims to solve the critical challenges of the e-commerce ecosystem, both for its merchants and consumers. For its consumers the Group offers best-in-class experience, as supported by a 71% Net Promoter Score for its APM delivery service (Source: Company, Market Reports). The Group offers consumers the convenience of APM pick-up and drop-off, which is available 24/7, contactless opening of the lockers, an eco-friendly solution, fast delivery and a low price. In addition, consumers can generally return parcels in an easy manner, which is free of costs when they use the Group's quick returns service (*Szybkie Zwroty*). When using APM delivery, consumers do not have to wait at home for a parcel. Furthermore, there is a low chance of failed delivery as the delivery takes place at the APM and not at the home of the consumer. APM delivery is also more convenient than delivery to PUDO or Click and Collect as the consumer is not dependent on the opening hours of the relevant store. As of 30 September 2020, the Integer Group had approximately 13.6 million unique APM users, compared to 3.4 million unique APM users as at the year ended 31 December 2017.

For the Group's merchants it is attractive to offer the delivery service that provides the best consumer experience at a competitive price combined with unique scale. By improving the consumer experience, the Group therefore also increases merchant adoption of its services. 68% of shoppers state that APM delivery makes them more likely to shop online (Source: Company, Market Reports). Using the Group's delivery service therefore has the potential to increase the volume sold through the merchant, increase the cart conversion rate and increase the repeat sales, making it a mutually beneficial relationship. The return service the Group offers to its consumers further enhances the increased checkout conversion rates and the increased repeat sales for the merchants. In addition, the Group offers its merchants other significant benefits. It offers them consistent delivery, due to a low risk of failed delivery. APM delivery is generally less costly than to-door delivery, as a courier is able to drop off multiple packages at the same location, resulting in less than half the cost compared to to-door delivery, assuming delivery of 70 parcels to an APM in one drop. As thresholds for free delivery are being lowered over the years, to further drive e-commerce penetration, an increasing part of the cost for delivery is borne by the merchant, which means that low delivery costs are key for the Group's merchants. Furthermore, the Group offers them a more environmentally friendly delivery option than to-door delivery. These benefits for its merchants are reflected in the growth of the Integer Group's merchant base from approximately 5,400 integrated merchants as of May 2017 to 26,227 integrated merchants as at 31 December 2020.



***The Group provides premium solutions through its IT infrastructure and digital and data solutions.***

Data and technology are central to the Group's success. It has developed a highly efficient IT infrastructure, underpinning the Group's operations, linking all stages of the value chain from first to last mile, and allowing it to offer both its merchants and consumers a best-in-class experience. The Group's IT strategy is focused on expanding user experiences and its value proposition to merchants requiring consistent innovation while ensuring the stability of operations even though the business continues to scale.

To its merchants the Group offers its single platform website integration API system for APM and to-door delivery, which includes functionalities such as contract management, payment services and package ordering and fulfilment.

The Group's mobile application is valued by its end users, as it increases the user friendliness of the Group's services and helps drive an increase in volume of parcels. The Integer Group's mobile application is one of the most successful apps in Poland with 5.7 million active users as of 31 December 2020, with its growth accelerated in a COVID-19 environment through contactless locker opening. See also “– IT & Technology Platform” below.

Furthermore, the Group has developed various specific data related products that enables it to provide its users with a premium experience, such as smart APM selection, mobile app tracking, seamless parcel pick-up, fast and user friendly returns and general consumer care by way of a chatbot (an automated conversation partner that serves as first point of contact for the Group's consumers). Because of the large amount of data the Group collects on consumers, merchants and its own services, the Group is well positioned to implement these data solutions. In addition, its IT infrastructure enables cost optimisation for the Group, among others, through the following functionalities.

- *Real-time APM capacity monitoring*
- *Dynamic APM selection and route optimisation*
- *Data driven network planning, with future machine learning*
- *Valuable consumer, footprint, merchant and APM traffic data*

In addition, the Group is working on various other data solutions with its in-house data scientists, which are expected to be launched in the short to medium term such as an advanced pricing engine, a consumer sentiment analysis and a sales force optimiser.

The Group continues to update its IT infrastructure and innovates to optimise the experience of its merchants and its consumers, which is expected to drive further growth.

***The Group provides a greener solution for e-commerce, reducing pollution and congestion.***

Delivery to APMs is a more environmentally friendly option than traditional to-door delivery. In a society which is more and more focused on sustainability and green policies, a greener solution for delivery is increasingly attractive for the Group's consumers and merchants. 55% of merchants (surveyed as of October 2020) indicated that in choosing a delivery method they consider the impact on the environment of the chosen delivery method. Delivery to APMs saves approximately 75,000 tons of CO<sub>2</sub> per 100 million delivered parcels compared to to-door delivery (Source: Company information). This is equivalent to (i) the planting of approximately 3,000 hectares of forest every year (based on 20-30 tonnes of CO<sub>2</sub> absorption per hectare of pine forests annually), (ii) 1,800 return flights from Warsaw to London (assuming return flights via Airbus A320), or (iii) removing more than 31,000 cars from the road (assuming 20,000 km travelled per year) (Source: Company, Market Reports). APM delivery results in less traffic congestion and less air pollution. Compared to to-door delivery fewer delivery vehicles are needed and the mileage per parcel is lower, which also significantly reduces traffic congestion in cities. In addition, through data driven dynamic courier routing the Group is able to optimise delivery routes, leading to cost efficiencies as well as reduced CO<sub>2</sub> emissions. The APM delivery service has the effect that CO<sub>2</sub> emissions are reduced by approximately 66.0% in urban areas and 90.0% in rural areas, both compared to to-door delivery. To further improve its eco-friendly solutions, the Group aims to roll out an increasing number of electric vehicles in its delivery fleet in the short term.

The Group strives to be fully aligned with its merchants on their sustainability policies and aim to reduce their CO<sub>2</sub> emissions. Through the use of the Group's APM delivery services instead of to-door delivery, some of its merchants have been able to reduce their costs and CO<sub>2</sub> emissions significantly: e.g. for the period from January 2020 to September 2020 CCC & eobuwie.pl has saved 722 tons of CO<sub>2</sub> and PLN 82,000 on CO<sub>2</sub> offset by using APM delivery rather than to-door; AliExpress has



saved 232 tons of CO<sub>2</sub> and PLN 26,000 on CO<sub>2</sub> offset and Vinted has saved 1,478 tons of CO<sub>2</sub> and PLN 168,000 on CO<sub>2</sub> offset (CO<sub>2</sub> offset saving calculated using EUA Futures (EUR/t CO<sub>2</sub> ) as at 16 October 2020 settlement price of PLN 113.68) (Source: Company information).

***The Group is well positioned to grow through multiple avenues and a highly scalable and exportable business model.***

There are various levers of future growth which the Group can use. The Group aims to optimise its existing network, both through improvement of utilisation and expansion of its APM network. Furthermore, the Group has introduced innovative products in the past and it will continue to innovate in the future, which will allow the introduction of new attractive products. See “– *The Group’s Strategy – Offering new products and new adjacencies*”. The Group has launched fulfilment services as an adjacency and is well positioned to expand its activities, by offering additional adjacent services, such as e-Grocery delivery. The Group’s business model is highly scalable and exportable to new geographies with attractive e-commerce markets. Furthermore, the Group is well placed to expand its operations internationally, as it is able to leverage existing relationships with merchants, landlords and carriers, while supporting the pan-European growth of its internationally operating merchants. See “– *The Group’s Strategy – Expand internationally by continuing successful roll-out in the UK and expand further in other countries both organically and through acquisitions*”.

***High earnings growth and attractive margins as well as high and increasing cash generation.***

Combining the structural growth in the e-commerce market and the Group’s market position with its meaningful operating leverage has translated into a business model geared towards high earnings growth and high margins. Integer Group’s net loss of PLN 211.8 million for the year ended 31 December 2017 improved to a net profit of PLN 50.8 million for the year ended 31 December 2019. The high earnings growth and high margins are also evidenced by an Operating EBITDA CAGR of 336% from the year ended 31 December 2017 to the year ended 31 December 2019 and a revenue and other operating income CAGR of 58% from the year ended 31 December 2017 to the year ended 31 December 2019. In addition, Integer Group’s Operating EBITDA Margin improved from 3.7% for the year ended 31 December 2017 to 37.9% for the nine months ended 30 September 2020, Free Cash Flow improved from PLN (85.5) million over the year ended 31 December 2017 to PLN 254.5 million over the nine months ended 30 September 2020 and Cash Conversion improved from (464.7)% over the year ended 31 December 2017 to 40.0% over the nine months ended 30 September 2020.

The Revenue per APM Parcel in Poland generated by the Integer Group increased slightly from PLN 7.3 over the year ended 31 December 2017 to PLN 7.5 over the year ended 31 December 2019 and the Revenue per To-Door Parcel in Poland increased from PLN 9.4 to PLN 10.4 over the same period. The Integer Group’s Gross Profit per Parcel in Poland increased from PLN 2.3 over the year ended 31 December 2017 to PLN 3.7 over the year ended 31 December 2019. The reason for this is that while the Integer Group’s costs increased in absolute terms over these years, the direct and general costs per parcel improved. The Integer Group’s Direct Cost per Parcel in Poland decreased from PLN 5.8 over the year ended 31 December 2017 to PLN 4.7 over the year ended 31 December 2019 and its General Costs per Parcel in Poland decreased from PLN 1.9 to PLN 1.3 over the same period. This decline in cost per parcel is due to several factors. The Integer Group reduced unit logistics costs through scale and productivity gains across middle and last mile and enjoyed benefits from shared infrastructure economies. It has been able to increase operational efficiency through automation, increased route density and increased volume per locker. In addition, the Integer Group benefited from its growing share of APM parcel volume which, combined with the fixed cost share of its direct cost base, has further driven the decline in cost per parcel. The decline in cost per parcel drives growing margins, whilst enabling the Integer Group to continue to provide an attractive cost advantage to its merchants.

By increasing the average APM size and utilisation the Integer Group has been able to process a greater number of parcels and reduce unit network costs. The average monthly parcel volume per APM cohort and average utilisation per month (defined as the annual APM parcel volume divided by the average number of lockers multiplied by the number of working days) after 24 months was 2,119 and 72% respectively for the 2017 cohort, 2,399 and 89% respectively for the 2018 cohort, while the 2019 cohort reached an average monthly parcel volume of 2,095 and an average utilisation per month of 82% after only 12 months. The Integer Group’s network cost per APM parcel (which is the sum of maintenance, utilities and telecom costs incurred for its APM deliveries, divided by the number of APM parcels) declined from PLN 0.38 for the year ended 31 December 2017 to PLN 0.22 for the year ended 31 December 2019. The Integer Group’s existing APMs deliver the high margins and cash flows that allow it to invest further in its

growth, with each cohort of APMs delivering improving unit economics. This is evidenced by the reduction of capital expenditure per APM for each cohort combined with lower costs per locker (defined as total cost of goods sold per year, divided by the number of lockers per year) and the increase of the Return on Investment per APM Cohort. The capital expenditure per APM reduced from PLN 109,000 for the 2017 cohort, to PLN 71,000 for the 2019 cohort. The Return on Investment by APM Cohort was 135% for the 2017 cohort and is expected to increase to 291% for the 2019 cohort. For the APMs deployed in the year ended 31 December 2019 the break-even period was approximately 13 months.

### **The Group's Strategy**

The Group's strategy is to continue its profitable growth and to continue to offer merchants and consumers a continuously improving delivery experience. The Group will seek to achieve this through a combination of (i) optimising its existing operations, (ii) increasing the population coverage with new APM roll outs, and (iii) introducing additional products and establishing a foothold in the e-Grocery market. Furthermore, the Group aims to ramp up its fulfilment offering, grow further in the UK and tap into new international markets.

#### ***Optimising existing operations.***

The Group has access to a significant amount of data that enables it to achieve efficiency and effectiveness in its operations. As of 30 September 2020, approximately 13.6 million consumers use the Integer Group's APMs, which is approximately 60% of online shoppers in Poland (Source: Company, Market Reports) and 23,500 merchants use its delivery services, which is approximately 30% of Polish retailers. This provides the Group with a significant amount of data on e-commerce that it is able to leverage in its operations. For example, the ability to monitor capacity in real time and forecast next day APM utilisation together with the Group's algorithmic APM location finder allows it to optimise APM utilisation and re-loading. Based on the data the Group collects, it is also able to personalise content and identify inactive customers and opportunities for cross-sell and up-sell. Through profiling the Group can predict pick-up and drop-off times of parcels in real time based on machine learned consumer habits, merchants and several other factors. In addition, the Group has a system that provides a dynamic linehaul and delivery route optimisation and a system which predicts churn. The Group aims to further expand the usage of the data and further develop new solutions, such as personalised pricing, churn management, whitespace targeting and sales force education, which it believes will accelerate the Group's growth.

#### ***Increasing the serviceable volume and covered population with new whitespace roll out.***

Increasing the Group's APM network will help it to improve the percentage of population covered in Poland. Scale and density of the APM network are critical drivers for consumer convenience and operating efficiency. Expanding its APM network ensures that the Group's services become increasingly more attractive for consumers, which in turn encourages merchants to use its delivery method and promote APM usage to their consumers. The Group has a demonstrated track record of successful APM deployment. As of 30 September 2020, 48.7% of the Polish population was able to arrive at an APM location in seven minutes from their homes (walking time) (Source: Company information). As of 30 September 2020, the Integer Group had more than 1.0 million lockers in urban areas and more than 240,000 lockers in rural areas. Utilisation in rural areas is close to the utilisation seen in the more urban areas, as people are more willing to travel further for the use of the APM in rural areas. The Group aims to continue expanding APM locations in cities and it also sees large opportunities to increase its presence outside of cities, as approximately 40% of the Polish population lives outside of cities. This is key for the Group's value proposition for consumers, as 73% of people who do not use APM delivery indicate that the reason for this is the lack of accessibility. The Group has identified over 31,000 APM locations across Polish cities and villages where the roll-out of new APMs will increase accessibility and improve the consumer experience and will enable merchants to reach even more consumers and increase their checkout conversion rate. As of 30 September 2020, approximately 54% of its APM locations were leased from single site landlords and 64% of existing lease contracts were signed less than one year ago, indicating that the Group's fragmented landlord base is receptive to leasing space to the Group. Roll-out of new APMs has driven growth in the past and the Group expects that it will continue to do so in the future.

The Group also focuses on increasing the capacity of its current APM network. As extensions are a cost effective way to increase capacity without requiring new locations, the Integer Group increased the average number of lockers per APM from 100 in January 2019 to 130 in September 2020. Other solutions the Group has implemented include multi-parcel delivery, multiple refills and several data driven initiatives to increase end-user engagement and foster quick pick-up habits. Multi-parcel is its unique offering that

allows the Group to deliver multiple parcels for the same consumer to the same locker. For the six months from May 2020 to October 2020, an average of more than 8% of total network capacity was freed up each day as a result of multi-parcel deliveries. Through multiple locker refills, the Group has been able to increase its utilisation rates, e.g. for the month of October 2020 the average locker utilisation rate was 145% for lockers with an average weekly interest factor (defined as the amount of parcels ordered compared to locker capacity, assuming 5 working days) above 120%, whereas the average locker utilisation rate was 125% in the same month in 2019. The Group offers consumers the opportunity to win various prizes in periodic promotional activities and lotteries in peak periods to incentivize faster parcel collection from its lockers. The InPost mobile app has a functionality where consumers are notified when they are near an APM location at which a parcel is waiting to be picked up. These initiatives increase end-user engagement and encourage quick pick-up habits.

#### ***Offering new products and new adjacencies.***

To improve consumer experience with its delivery service, the Group has introduced innovative solutions in service offerings which it intends to expand over the next years. These new products partially consist of more flexible services, such as same day delivery and weekend delivery. The Group is among the first operators to offer weekend delivery throughout Poland. Same day delivery is the fastest growing B2C delivery segment (Company: Market Reports). The Group offers labelless returns, which significantly increases the convenience for the consumer when returning parcels. The Group further expedited this increased consumer convenience by offering labelless delivery of parcels, which allows consumers to send parcels to any locker for pick-up by other consumers or businesses through its mobile application, without having to print a label. Furthermore, it offers midnight premieres where new products that are launched, such as new limited edition computer games, can be picked up at midnight on the night of release. The Group is also working on offering two-hour express delivery, which it plans to launch in 2021.

The Group sees a significant opportunity for growth in the e-Grocery segment. The Polish e-Grocery market is accelerating but remains largely underpenetrated compared to other European markets. The e-Grocery penetration in the year ended 31 December 2019 was 1.9%, compared to 6.9% in the United Kingdom and 5.4% in France (Source: Company, Market Reports). Further acceleration is expected due to COVID-19. The Group is already active in the home delivery e-Grocery segment, and it is currently working on an e-Grocery pilot with a dedicated application that also allows delivery to lockers or a home or office address. Currently, the Group already has 50 refrigerated locker machines (“RLM”) in Cracow and Warsaw to facilitate e-Grocery delivery to APMs. The consumer will be able to choose the desired service level: one-hour delivery, same day delivery or next day delivery.

#### ***Offering synergistic fulfilment services.***

The Group intends to increase fulfilment services, where it offers a one-stop-shop solution for merchants. See “- The Group’s Principal Business Activities – Fulfilment Services”. By expanding its fulfilment offering, the Group is able to increase the speed of delivery and enable extended cut-off times. The Group offers merchants an integrated fulfilment offering including order processing, completion, packaging, dispatch and storage of goods. The Group sees significant potential for growth in the fulfilment industry as merchants increasingly wish to outsource fulfilment services. Currently only 19% of merchants outsource fulfilment services, whereas this is expected to grow to 25-30% in 2024 (based on a survey with 250 respondents, source: Company, Market Reports). Outsourcing fulfilment results, among others, in the avoidance of first mile logistics as the Group’s fulfilment centres are located near the central sorting hubs. This provides merchants with later cut off times and the option to offer next-day delivery to their consumers later in the day. This ultimately results in a higher cart conversion and an increased consumer experience. In addition, due to increased integration and the mutual cost benefit the Group expects an increased loyalty from its merchants and an increased share of their checkout. The increased share of checkout (the total volume of the Integer Group’s merchants using its delivery services divided by the volume for which they used its fulfilment services) was evident in 2020 when it increased from 49% in January 2020 to 83% in September 2020. As the Group increases the number of merchants it offers fulfilment services to, this will also increase the business that it does with them and the Group expects that this will further accelerate its growth.

#### ***Expand internationally by continuing successful roll-out in the UK and expand further in other countries both organically and through acquisitions.***

The Group has the ambition to grow outside of Poland. The Group is already active in the UK, which is the largest e-commerce market in Europe. In the UK the Group has strong relationships with carriers and

merchants and it has a number of partnerships with landlords. The Group has identified multiple high growth volume channels in the UK in order to activate its share of checkout with merchants. Some of the Group's integrated partners include Karen Millen, Boohoo, JD, French Connection, Schuh and Missguided and integrated partners which have been added recently include Zara, Topshop, Topman, Superdry and Gymshark. Through the onboarding of new merchants and services the Integer Group's weekly parcel volume increased from approximately 6,000 weekly parcels in January 2020 to approximately 65,000 weekly parcels in the first week of November 2020 and ultimately reached over 100,000 weekly parcels during the holiday season peak in December 2020. The Integer Group's APM network in the UK is expanding rapidly, as demonstrated by the increase of its 4 week rolling average of APM deployments per week from 13 as at July 2020 to 39 as at October 2020. The Integer Group's operations in the UK demonstrate early signs of the flywheel effect compared to its operations in Poland at a similar scale, e.g. an APM utilisation rate which improved by 375% from January 2019 to 30 October 2020, growth in total volume of approximately 240% from January 2020 to 30 October 2020 and the capacity to deploy approximately 600 APMs per year (based on the four week rolling average of 50 deployments for the period from 5 October 2020 to 1 November 2020). The Group intends to continue its successful rollout in the UK and is considering expanding in France, Spain and Italy. The French, Italian and Spanish e-commerce markets represented a value of EUR 47 billion, EUR 18 billion and EUR 12 billion, respectively, for the year ended 31 December 2019. The population concentration (defined as population living in the ten largest metropolitan areas) as of 31 December 2019 was approximately 24 million in France, 24 million in Italy and 19 million in Spain (Source: Company, Market Reports).

For expansion into new countries the Group has developed a structured entry model, preceded by a detailed strategic analysis. It analyses countries that have a strong market potential for disruption with lockers, with international merchants that already use its services in other markets and landlords for APM locations that show commitment to cooperate. The Group's primary international expansion strategy is to (i) ensure a pre-signed volume with merchants (ii) secure APM locations with landlords ensuring proper APM density; (iii) focus on a few key densely populated metropolitan areas and (iv) ensure that it has sufficient logistics operations in these areas. The Group believes this will enable it to successfully expand its operations outside of Poland. Furthermore, the Group believes it is in a good position to capture the growth opportunities in these markets as it is able to leverage existing relationships with merchants with a presence in these countries, such as Vinted, H&M, Inditex and AliExpress, existing relationships with international landlords, such as Auchan, Carrefour, Lidl, BP and Shell and existing technology and industry knowledge.

In addition to the primary structured entry model, which will enable organic growth, the Group also has a secondary model, which is aimed at pursuing selective acquisitions of existing delivery businesses and transforming them through implementation of APM delivery. The three primary focal points for transformation will be: (i) on the operational front with the introduction of the locker and multi-drop model, (ii) on the sales front with the introduction of the lower price point of APM delivery compared to to-door delivery and (iii) on the consumer front by providing the improved consumer experience of the Group's APM delivery services. At present, the Group is engaged in active discussions to acquire a PUDO delivery services group in Europe, see *"Operating and Financial Review – Recent Developments and Current Trading"*.

## Outlook

As set out below, the Group has established certain operational and financial objectives as measures of its performance which are based on its business plan and a number of assumptions that the Group's management believes are appropriate, but which may turn out to be incorrect or different than expected. These objectives should not be regarded as forecasts or expected results or otherwise as a representation by the Group or any other person that it will achieve these objectives in any financial year or reporting period. the Group's ability to meet its objectives is based upon the assumption that the Group will be successful in executing its strategy and, furthermore, depends on the accuracy of a number of assumptions involving factors that are significantly or entirely beyond the Group's control and are subject to known and unknown risks, uncertainties and other factors that may result in the Group being unable to achieve these objectives. See *"Risk Factors – The Group may fail to successfully implement its strategy or achieve any or all of the financial objectives included in this Prospectus"* as well as the other matters discussed in *"Risk Factors."* As a result, the Group's actual results may vary significantly from its objectives and those variations may be material.

Except as specifically set out below, the Group has not defined, and does not intend to define by reference to specific periods the terms "near-term" or "medium-term", and the objectives should not be read as indicating that the Group represents or otherwise commits to achieve any of these metrics or objectives



for any particular fiscal year or reporting period. The Group does not undertake to publish revised objectives to reflect events or circumstances existing or arising after the date of this Prospectus or to reflect the occurrence of unanticipated events or circumstances.

Assuming normal macro-economic conditions, market circumstances, continued current e-commerce penetration trends and no material changes to the current regulatory and tax framework of the Group's business or the markets in which the Group is active, the Group aims to achieve the following objectives.

## **Poland**

### *Number of APMs*

As of 31 December 2020, the Integer Group has 10,776 APMs across Poland. The Group aims to expand the number of APMs to 14,500 to 15,500 in the near-term, and aims to add 2,000 to 2,500 new APMs per year over the medium-term.

### *Volumes*

The Group's parcel volume target for the year ended 31 December 2020 was approximately 240 million parcels for its APM segment and approximately 60 million parcels for its to-door segment. The Group aims to expand its APM parcel volume with 45-50% growth per annum in the near-term and with 20-25% growth per annum in the medium-term. The growth of the Group's APM parcel volume is expected to be driven by an organic increase in consumer demand as well as an increase in demand driven by the expansion and densification of the Group's APM network. For to-door parcel volume, the Group is targeting an annual growth of 25-30% in the near-term and an annual growth of 15-20% in the medium-term, which is in line with its estimates of growth of the Polish parcel market.

### *APM revenue growth*

The Group has set a target for year-over-year revenue growth for its APM segment of approximately 130% for the year ended 31 December 2020. In the near-term, the Group expects its average pricing levels to decrease slightly as it expects more revenues will be generated by providing services to larger merchants and the Group is aiming for 40-45% year-over-year growth of its APM revenue. See "*Operating and Financial Review – Key Factors Affecting the Business and Results of Operations of the Integer Group – Pricing*". In the medium-term, the Group expects that its average pricing levels will slightly increase, and it is targeting year-over-year revenue growth for its APM segment of 20-25%.

### *To-door revenue growth*

The target the Group has set for the revenue growth of its to-door segment for the year ended 31 December 2020 is approximately 50% year-over-year growth. The Group expects its to-door revenue to grow in the near and medium term, but with a declining contribution to its overall revenue. The Group expects that pricing in its to-door segment will be stable in the near-term and it is targeting to-door revenue growth of 25-30% on a yearly basis in the near-term. In the medium-term, the Group expects prices to increase gradually, and it is targeting a year-over-year growth of 15-20%.

### *Operating EBITDA Margin*

For the nine months ended 30 September 2020, the Integer Group's Operating EBITDA Margin was 37.9% as compared to 27.4% at 30 September 2019, which was driven by productivity improvements and economies of scale delivered partially due to the increase in e-commerce penetration during the COVID-19 pandemic as a result of the lockdown period in Poland. See "*Operating and Financial Review – Key Factors Affecting the Business and Results of Operations of the Integer Group – Levels of consumer spending and increased e-commerce penetration*" and "*Industry Overview – Polish E-commerce Market Overview*". These trends continued in the last three months of 2020 and the Group has set a target for Operating EBITDA Margin over the year ended 31 December 2020 in the low forties range. The Group aims to continue the expansion of its Operating EBITDA Margin as its volume grows, driven by a targeted expansion of its gross margin as well as a targeted decrease in the percentage of general cost in its revenue. In the medium-term, the Group is targeting an Operating EBITDA margin in the high forties to low fifties-range as it continues to increase its parcel volumes.

### *Capital Expenditure*

For the year ended 31 December 2020, the Group expects its total capital expenditure to be approximately PLN 500 million. In the near-term, the Group expects its total capital expenditure to be PLN 600-625 million, as the Group aims to expand its APM network and increase its parcel volumes. The

Group expects that the expansion of its APM network will stabilise over the medium-term, as a result of which the Group expects that its total capital expenditure will be 5-10% of its revenue in the medium-term. The Group expects that the total capital expenditure will stabilise in the medium-term, at approximately 8% of revenue and further reducing to 6% over time, as a result of a stabilising rollout of APMs and an increase in revenue. For the year ended 31 December 2020, the Group expects its maintenance capital expenditure to be approximately PLN 25 million. The Group aims to decrease its maintenance capital expenditure steadily as a percentage of revenue. In the near-term, the Group expects its maintenance capital expenditure to be in the range of PLN 20-30 million and in the medium-term the Group expects it to represent between 0.5-1% of its revenue.

#### *Depreciation and Amortisation*

Capital expenditure related to APMs is depreciated over a period of ten years, even though the expected lifetime of an APM is 15-20 years. The targeted increase of the Group's capital expenditure in the near-term is expected to drive an increase in its depreciation and amortisation in the near to medium-term.

#### ***International (UK)***

##### *Number of APMs*

As of 31 December 2020, the Integer Group has 1,134 APMs outside of Poland. The Group aims to expand the number of APMs outside of Poland to 2,000 to 3,000 in the near-term, by adding 1,200 to 1,400 APMs in the near-term and it aims to add 2,500 to 3,500 new APMs per year over the medium-term. The Group is targeting 10,000 to 12,000 APMs internationally in the medium-term.

##### *Parcel volumes*

The international parcel volume target that the Group has set for the year ended 31 December 2020 is two million. For the near-term, the Group targets to increase the international parcel volume to 10-15 million and in the medium-term to 175-225 million. The Group's international volumes are expected to increase as a result of the growth of its own business, but also through the volume growth of its partners, such as Hermes and other carriers in the UK. Pricing is expected to increase gradually.

##### *Total international revenue*

For the year ended 31 December 2020, the Group has set the target for international revenue at PLN 13 million. In the near-term, the Group is targeting international revenue of PLN 60-80 million, and in the medium-term, the Group is targeting a revenue of PLN 1,300-1,700 as it aims to expand its APM network internationally.

##### *Operating EBITDA Margin*

The Group aims to continue to improve the Operating EBITDA Margin for its international operations as the Group's volume grows, driven by improvement of its gross margin as well as a decrease in the percentage of general cost in its revenue. The Group is targeting to break even on an Operating EBITDA basis in its international operations by early or mid-2022.

##### *Total capex*

For the year ended 31 December 2020, the Group expects its capital expenditure for its international operations to be PLN 39 million. In the near-term, the Group expects its capital expenditure to grow to PLN 100-120 million. In the medium-term, the Group expects the capital expenditure intensity to reduce and it is targeting a total capital expenditure for its international operations to represent 15-20% of its international revenue. The capital expenditure will support the Group's plan to cover approximately 40% of the UK population with its APM network in the medium-term.

##### *Total Depreciation and Amortisation*

Capital expenditure related to APMs is depreciated over a period of ten years, even though the expected lifetime of an APM is 15-20 years. The depreciation and amortisation for the Group's international operations is targeted to be approximately 50% of international revenue in the near-term, reaching approximately 10% of revenue in the medium-term.

#### ***Additional metrics***

In the medium-term, the Group expects that its earnings will predominately be in Poland and the UK and that it will have a notional tax rate of approximately 19%.



The Group estimates that as of 31 December 2020, it had a net leverage on a consolidated basis of 2.4x (including leases and including the debt which is to be refinanced, as described in “*Unaudited Pro Forma Financial Information*”). The Group aims to reduce this to approximately 2.0x net leverage in the medium-term by increasing its cash generation, which should allow the Group to temporarily increase its leverage to fund strategic M&A in the future and to expand its APM network.

The Group is targeting the cost of its new financing at around WIBOR plus a margin of 2.0%. Please also see “*Operating and Financial Review – Indebtedness – Banking Facilities*”.

## **History**

Part of the Group was founded in 1999 by the Group’s CEO, Rafal Brzoska. The Group entered the Polish postal market under the ‘InPost’ brand in 2006. Until then, the postal segment had been solely operated by Polish Post (*Poczta Polska*). Over the following years the Group’s business developed into the largest independent postal operator in Poland and the main competitor to Polish Post (*Poczta Polska*). The Group entered the parcel delivery market and installed its first APM in 2010, followed by the further development of its APM delivery services and the roll-out of its APM network. To further complement the Group’s activities in the parcel delivery market, it launched its to-door delivery services in 2016. In 2017, the Group decided to exit the postal segment and focus on the e-commerce driven parcel market completely.

In October 2007, Integer.pl obtained a listing on the Warsaw Stock Exchange (*Gięlda Papierów Wartościowych w Warszawie S.A.*). InPost S.A., the holding company of the postal business of the Integer.pl group, was split out from the Group and obtained a listing on the Warsaw Stock Exchange in October 2015. Both Integer.pl and InPost S.A. were delisted from the Warsaw Stock Exchange in April 2017 after Advent acquired both companies through a successful tender offer. Because the Group no longer had any activities in the postal segment and in the course of simplifying the organisational structure of the Group, the businesses were merged following the delisting. Together with Advent the Group focused on further expanding its APM network and optimising its customer proposition, which resulted in the accelerated growth of the Integer Group’s APM network in Poland from 2,300 APMs in 2017 to 10,776 at the end of 2020.

## **The Group’s Principal Business Activities**

The Group offers a suite of parcel delivery and fulfilment services primarily to e-commerce merchants for the delivery of goods sold by businesses-to-consumers (B2C), but also increasingly with respect to consumer-to-consumer deliveries (C2C) and consumer-to-business deliveries (C2B).

The Group contributes to the middle segment of the e-commerce value chain through its warehousing and fulfilment services, comprising of all logistics services involved in e-commerce. In the last segment of the e-commerce value chain the Group offers delivery and returns. This starts with the transportation of products to local distribution centres and thereafter to regional and central sorting hubs. Alternatively, the Group allows direct injections by merchants into its central sorting hubs and depots, which minimises first mile costs and enables the Group to offer merchants later cut-off times. From there, products are transported to the local distribution centres closest to the end consumer. The Group’s couriers pick up the packages from the local distribution centres and drop them off with the end consumer, either at the APMs or to their home address. Finally, the Group offers a return service to its end consumers.

The Group has outsourced the line hauling and courier operations to various subcontractors. Moreover, as at 30 September 2020, approximately 36% of the volume processed by the Integer Group is processed in distribution centres operated by subcontractors that act as its representatives. The Group intends to gradually move towards distribution centres that are entirely operated by the Group itself.

### ***Automated Parcel Machine (APM) Services***

The Group’s main revenue generating service consists of parcel deliveries through its APM network in Poland. APMs are units with automated parcel lockers that can be opened by consumers with a unique access code, using a QR code scanner or remotely through the Group’s ‘InPost Mobile’ application, allowing them to pick up their parcels at the most convenient time for them, without waiting for the courier to arrive or queue at a pick-up/drop-off (PUDO) point which is only open during limited business hours. To encourage fast pick-up, the consumer has 48 hours from delivery to collect the parcel, and can extend this period for a fee. Each APM unit contains lockers of various sizes, and around 10-13% of the overall number of lockers in each APM are of the largest size (equalling 41 by 38 by 64 centimetres). The Group believes that its lockers are suitable to service the large majority of e-commerce parcels, such as fashion

items, books, smaller household items and toys. The Group’s lockers are not suitable for the delivery of, for example, large furniture or large household appliances such as washing machines.

Delivery to APMs is more cost-efficient than delivery to consumers’ home or office addresses, since parcels for multiple recipients can be delivered to the same APM. Please also see “*Industry Overview – Polish parcel delivery by types*”. This also makes delivery to APMs more environmentally friendly than traditional delivery services (Source: Company, Market Reports). In addition, parcels from multiple e-commerce merchants can be delivered to the same APM, which allows consumers to pick up their parcels at a convenient time and all at once. The large majority of the Group’s APMs are located outdoors and are accessible 24/7. From 2020, the Group has also deployed certain APMs at indoor locations such as shopping malls, hotels and libraries, in order to increase the density of its APM network in large urban areas, where outdoor APMs are not possible. The number of indoor APMs is less than 1% of the Group’s total APM network. These indoor APMs are only open during the opening hours of the location in which they are placed. In order to enhance the consumer experience and user friendliness of the Group’s APM services, it has developed a consumer-facing mobile application ‘InPost Mobile’ that enables contactless opening of lockers.

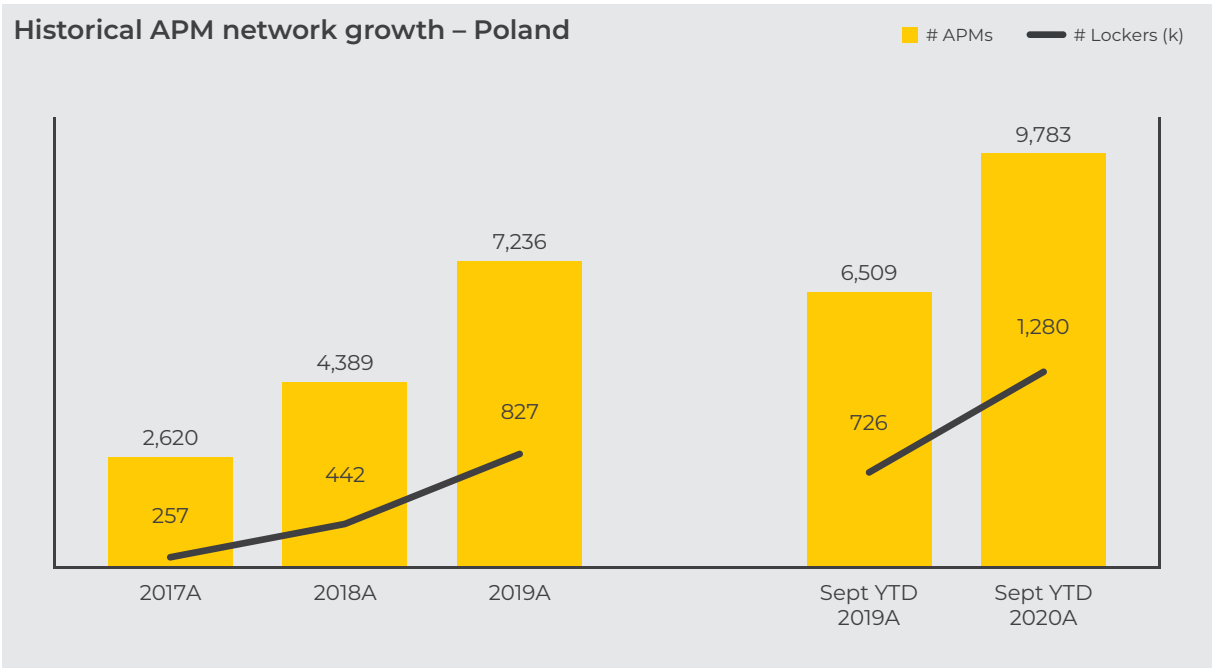
Consumers can also use the APMs to return parcels to merchants. The Group’s APMs enable consumers to work with labelless returns, which increase the consumer’s convenience of returning parcels through its APM network.

Compared to traditional to-door delivery services, delivery to APMs has a lower risk of failed delivery attempts. Together with the couriers’ ability to deliver more parcels per day, this increases the Integer Group’s ability to provide next day delivery, as is evidenced by its next day APM delivery success rate of 97% over the nine months ended 30 September 2020. This makes APM delivery more attractive as consumers increasingly wish to receive their parcels as soon as possible after the order has been placed.

However, the Group’s APMs can be overloaded in particularly popular locations or in times of increased demand. When this happens, and only after it has exhausted other options of delivering the parcel to the original APM, such as multiple fills per day, the Group automatically and temporarily redirects the parcel to another APM or a PUDO location, which is as close as possible to the APM originally selected by the consumer. The Group notifies the consumer, who can then collect the parcel from this location within 24 hours. If a consumer has not collected the parcel after such time, the Group re-delivers the parcel to the APM originally chosen by the customer.

The PUDO facilities are operated on the basis of cooperation agreements entered into with individual agents. Those agents provide services on behalf of the Group and are entitled to remuneration and commission set out in the agreement.

APM Network



As at 31 December 2020, the Integer Group owned and operated 10,776 APMs in Poland with almost 1.5 million lockers across its network. The Group's APMs are primarily located in urban areas. As at 30 September 2020, approximately 76% of its APMs in Poland were located in urban areas against 24% in rural areas. Most of the Group's APMs are located near shops, petrol stations and shopping centres in order to provide a convenient location for consumers to pick up their parcels. The Group intends to expand its APM network in Poland in the upcoming years. The Group aims to increase the number of lockers in two ways: by installing APMs in new locations and by adding extensions to current APMs.

Expanding the Group's network through extensions of current APMs has advantages such as lower capital and operating costs and not having to secure additional locations. In particular, adding additional units to existing APMs is more favourable than deploying a new APM in a nearby location when more capacity in a popular location is needed.

The Group regularly performs white-space analyses with the aim of determining new APM locations' based on, among other things, the number of people living in the vicinity of a potential new APM location, an assessment of what percentage of them will become APM users and the frequency of purchases per APM user in that particular area. Over the past years the Group has mainly focused on deploying APMs in more densely populated areas, resulting in approximately 48.7% of the Polish population having a walking distance to any APM in September 2020 of less than 7 minutes, 35.9% having a walking distance of less than 5 minutes and 17.1% having a walking distance of less than 3 minutes. In the coming years the Group intends to further expand its APM network across cities, thereby further reducing the APM walking distance time and to focus additionally on rural and relatively remote areas, providing access to a larger customer base, whereby the total population coverage can be increased substantially.

The Group has been able to sustain high utilisation rates of its APM network, with approximately 44% of its APMs having utilisation rates of 80% – 130% or higher. The utilisation rate measures which proportion of the APM's capacity is used over a certain period of time, by dividing the number of parcels delivered to an APM in a week by the number of lockers in the relevant APM multiplied by five. Utilisation rates over 100% are possible when a locker can be used more than once per day due to consumers picking-up their parcels over the course of the day, freeing up the locker for a new delivery on the same day, or if several parcels for the same person are delivered to one locker.

APMs are designed in the Group's in-house R&D facility. The Group continuously works on the design of its APMs which allows it to unlock additional APM locations. The Group has recently developed L-shaped and U-shaped APMs which can be placed in a location where a typical straight-line APM would not fit. In the Group's manufacturing plant, new APM designs are industrialised and prepared for mass production, the APM manufacturing process is developed and improved and certain parts and limited quantities of APMs are manufactured. While the Group manufactures certain parts of APMs itself, it relies on third-party suppliers for the delivery of parts for the APMs and on third-party manufacturers for producing the majority of the APM expansions and part of the central units. As third-party manufacturers the Group has two subcontractors in Poland and one subcontractor in China, to whom the mass production of APMs has been outsourced. The average expected lifetime of an APM is 15-20 years.

#### *C2X Delivery*

The Group primarily focuses on APM deliveries from merchants to consumers (B2C), but its APM network can also be used for C2X delivery of parcels. Consumers can use the lockers to send parcels to another APM locker or to any postal address.

The C2X market is expected to grow significantly in the coming years, see *"Industry Overview – Polish Parcel Delivery Market Overview – C2X Parcel Market"* and the Group believes that it is well positioned to benefit from the potential growth in that market. Such growth is expected to be driven by, among others, online marketplaces in Poland which facilitate consumer to consumer sales of goods transactions and in particular by Vinted, an online platform where individuals can sell, buy or exchange clothes and accessories.

As of November 2020 the Group offers the possibility of labelless shipping of parcels from consumers to other consumers or businesses through its mobile application. The Group believes this significantly increases the consumer's convenience to send parcels to third parties and it expects this to drive further growth in the volume of its C2X deliveries.

### ***To-door delivery services***

In addition to its APM services the Group also offers traditional courier services where it delivers parcels directly to the home or office address of consumers (to-door delivery). To-door delivery is particularly useful for consumers that do not live in the vicinity of an APM location or for larger parcels that would not fit in a locker. In the year ended 31 December 2020, approximately 19.7% of the Integer Group's parcel deliveries consisted of to-door deliveries. The Group's to-door delivery services complement its APM delivery services and ensure that it can serve all of its merchants' delivery needs, irrespective of the home address of the consumer and size of the parcel.

### ***Fulfilment services***

In addition to its delivery services, the Group offers warehousing and fulfilment services to merchants, comprising all logistics services involved in e-commerce. The Group stores products sold by merchants in its warehouses and if an order has been placed it prepares, packages and ships the products to the consumer, as well as providing return management services. For certain merchants the Group collects the products sold by the merchants directly from the merchants' supplier and transports the products to its warehouse for further handling, to completely outsource their fulfilment and delivery process.

The Group believes that this is a particularly attractive service for small and medium-sized merchants that do not have the capacity or willingness to perform these fulfilment services in-house. Due to synergies with its core delivery services, the Group's fulfilment services minimise first mile costs and reduce the time needed for first mile logistics. This enables the Group to offer merchants improved commercial terms and later cut-off times. A clear consumer benefit of its fulfilment services is that the Group can typically process and dispatch orders faster than the merchants, increasing the possibility to deliver the next day.

In the last year the Group has significantly invested in these activities and it intends to grow in this segment. As at 31 December 2020, the Integer Group had two warehouse facilities in Poland which it used for its fulfilment services. The Group currently does not have any warehouse facilities in the UK.

### ***E-Grocery***

As part of its to-door delivery services, the Group also provides grocery delivery services. Additionally, the Group is in the process of developing a smart solution which enables delivery by grocery stores to RLMs, which are accessible 24/7. As at 31 December 2020, the Integer Group had 50 RLMs in Poland and it intends to increase this number in the medium term. The Group intends to launch a dedicated shopping application for e-Groceries in the short term.

### ***International***

In addition to its operations in Poland the Integer Group has growing operations in the UK, with 1,134 APMs as of 31 December 2020. Furthermore, the Integer Group has a minor presence in Italy, with approximately 344 APMs as of 31 December 2020. During the year ended 31 December 2019, the Integer Group generated 2.2% of its revenue in these countries.

The Group's APM network in the UK is located in both urban and rural areas. Going forward, the Group's initial focus lies on expanding its international APM network in urban areas.

The Group's main focus internationally is on the UK, given that it has the largest e-commerce market in Europe. Given the existing e-commerce market penetration in the parcel delivery market in the UK, the Group sees significant growth potential for its APM network in this geographical market. In the second half of 2019 the Group significantly invested in building a new management team for its UK operations, and from 2020 onwards it has developed specific strategic plans for expansion in that market. In the short term the Group plans to expand its APM network primarily in London, Birmingham and Manchester. See also “– *The Group's Strategy – Expand internationally by continuing successful roll-out in the UK and expand further in other countries both organically and through acquisitions*”.

### ***Pricing***

The Group primarily generates revenue by charging fees to e-commerce merchants for using its delivery services. The Group generally enters into delivery contracts with larger merchants, whereas smaller merchants use the Group's services through its subscription model or through its 'pay-as-you-go' model. In 2020, approximately 89% of the Group's deliveries were made under delivery contracts.

In its delivery contracts the Group agrees with the merchant on a price per parcel, which can be differentiated based on the delivery method and certain thresholds in respect of the number, the size and the

weight of the parcels. These contracts are generally multi-year rolling contracts with a one-month notice period for termination, and pricing is typically reviewed on an annual basis.

The Group's subscription model enables merchants to purchase one of its subscription packages at a fixed monthly fee, which includes a certain number of credits which can be used to pay for parcel delivery services. The amount deducted from a merchant's credit is typically higher for a to-door parcel delivery than for an APM parcel delivery. The Group offers subscription packages for periods of 12 months or 24 months.

The Group's 'pay-as-you-go' model enables merchants to pay for the delivery of parcels without entering into a contract or taking out a subscription with the Group.

The Group provides its fulfilment services through fulfilment contracts, where the fees payable by the merchant are based on a post-paid model with payment after completion of the service, generally on a monthly basis. These contracts do not require a minimum shipment volume.

## **IT & Technology Platform**

The Group's technology platform is designed to provide a best-in-class experience for its merchants and consumers with a strong focus on scalability, security and performance of each component of the platform, which is evidenced in particular by its consumer-facing application 'InPost Mobile'. The core of the Group's technology platform consists of two systems: the in-house developed central APM management system (SZOP) and the transport management system (Trucker) ("TMS") which has been developed by a third-party provider. In addition, the Group uses a large number of additional applications that interact with one or both of its core systems, such as a notification-sending system and systems that serve as an integration layer between the Group's core systems and the systems of its merchants.

The Group's central APM management system includes functionalities which allows the Group to manage and optimise the growing APM network in all geographies in which it is active. The APM management system provides visibility on the entire network, on stored parcels, consumer pick-ups and APM malfunctions. Furthermore, the APM management system is the central source of data that enables the Group to analyse APM usage patterns and develop data-driven operational optimisations, such as the optimum loading times per APM.

The TMS facilitates planning, executing and optimising of the Group's parcel delivery services. The system provides, among other things, real-time visibility on parcel shipping and deliveries and supports delivery route optimisation which increases driver efficiency thereby enabling the Group to improve the efficiency of its logistics operations. The Group is currently in the process of developing in-house an integrated logistics system that will replace the TMS. This system aims to be scalable, which will help ensure that the Group's technology platform can keep up with its growing business. The Group expects to deploy the system in the summer of 2021, however beyond that date it will continue to develop certain functionalities of the system.

A key component of the platform is its mobile application 'InPost Mobile', which enhances the consumer experience and user friendliness of the Group's APM services. The app is currently only available in Poland and will be launched in the UK in 2021. 'InPost Mobile' is highly rated in the app store, with a 5.0 star rating in the Apple App Store as at 29 October 2020. The app enables contactless opening of the APM lockers, tracks shipping and delivery information of the parcels that a consumer orders, facilitates searching of APM locations and third-party pick-up and provides a notification if a consumer is near an APM location where a parcel is ready for pick-up. The Group's labelless shipment and return services also operate through the app. The Group continues to develop the application's functionalities and aims to implement new functionalities such as the option to extend the pick-up time or redirect a parcel to an APM instead of to-door delivery or to a different APM. The contactless opening of lockers feature on the app has proven to be particularly attractive for consumers in the context of the COVID-19 pandemic and the related social distancing measures. The app had approximately 5.7 million active users as of 31 December 2020 and was the most downloaded mobile logistics application in Poland in 2020 (Source: Company, Market Reports).

The Group frequently upgrades the key components of its technology platform to improve capacity and functionality as its business evolves and grows. The Group is dedicated to innovating and further investing in its operations and technology platform to further increase the efficiency and user-friendliness of its services for merchants and consumers.



All of the Group's in-house developed technology is developed by a Group company named InPost Technology S.à r.l. and then sold to the relevant Group company. Please also see "*Selling Shareholders and Related Party Transactions – Related Party Transactions – InPost Technology S.à r.l.*".

## **Merchants**

The Integer Group's merchant base has grown substantially in recent years, from approximately 5,400 merchants who regularly used its parcel delivery services as at May 2017, to 26,227 merchants who regularly used its parcel delivery services as at 31 December 2020. On average the Integer Group had 1,700 new monthly contracts for the period from January 2020 to October 2020, while the average monthly churn was 100 for the same period. The Group provides delivery services for approximately 31% of total Polish e-commerce merchants, including established e-commerce merchants and platforms such as Amazon, AliExpress, Vinted, H&M, Inditex, Lidl, LPP, CCC, Eobuwie.pl and Empik. Recently, the Integer Group has concluded a mutually beneficial agreement with Allegro which runs until 2027. Please also see "*- Material Agreements – Allegro Framework Agreement*". During the nine months ended 30 September 2020, the top 10 merchants of the Integer Group (excluding Allegro) represented 7.5% of its revenue and during the nine months ended 30 September 2019 the top 10 merchants of the Integer Group (excluding Allegro) represented 7.0% of its revenue. In addition, for the nine months ended 30 September 2020, Allegro, represented 26.2% of the Integer Group's revenue and approximately 57% of the Integer Group's parcel volume, whereas the Integer Group represented approximately 70% of Allegro's deliveries compared to 13% as at July 2017. For the nine months ended 30 September 2020, merchants with direct contracts with the Integer Group and selling their products through the Allegro platform represented an additional 20.7% of the Integer Group's revenue.

The Group seeks to grow its merchant base in three principal ways:

- Leveraging its reputation as the consumers' first choice. By ensuring that the Group is the parcel delivery service of choice for consumers, it seeks to entice merchants to select the Group as their parcel delivery services provider in order for those merchants to increase their popularity as a user-friendly seller with consumers. The InPost brand is one of the Group's most important and valuable assets and the Group continuously seeks to enhance the quality and user-experience of its delivery service offering for consumers with a view to further increasing adoption among merchants.
- Through the direct selling efforts of its sales department. As per 30 September 2020, the Integer Group's direct sales department consisted of approximately 206 employees. The sales department comprises a telesales team, direct sales representatives and key account managers. The Group's telesales team focuses on SME merchants whilst its large, key and strategic merchants are served by direct sales representatives and key account managers.
- International merchants. Although historically, the Group focused its sales efforts primarily on Polish merchants, it has more recently started to acquire international merchants for their inbound deliveries into Poland.

Of the Integer Group's parcel volume, approximately 35% comes from platforms (including Allegro Smart!), approximately 25% comes from merchants with direct contracts with the Integer Group and selling their products through the Allegro platform, approximately 30% comes from large domestic retailers, approximately 10% comes from domestic SME merchants and 2-3% comes from international merchants. For the Group's strategic merchants the share of checkout is estimated at approximately 50% and for its large and key merchants the share of checkout is estimated at less than 50%.

Some of the clear benefits of the Group's APM services for merchants include the improved consistency and reduced cost of delivery, the ease and increased speed of returns handling, high consumer satisfaction and increased consumer demand for an APM delivery option and the environmental friendliness, which is increasingly important to both consumers and merchants. These benefits for the Group's merchants are reflected in the growth of the Integer Group's merchant base, which increased 4.4 times between May 2017 and September 2020 (Source in each case: Company, Market Reports).

## **Consumer Satisfaction**

The Group receives very positive feedback from its consumers, in particular for its APM delivery service. The Group mainly looks at the Net Promoter Score to measure its consumer satisfaction level,



which is a customer loyalty metric that both looks at the likelihood of consumers returning to use the Group's service and recommending it to others. Whereas the market average Net Promoter Score for parcel delivery in Poland in 2020 was approximately 20% for delivery methods other than APM delivery (Source: Company, Market Reports), the Net Promoter Score for the Group's APM services was 71%, which is more than two times higher than the overall delivery service Net Promoter Score of its nearest competitor. The Group's Net Promoter Score for APM services also exceeds the Net Promoter Score of several best-in-class digital platforms such as YouTube (59%), Spotify (46%), Uber (37%), and Amazon (25%) and is high compared to the logistics average (based on the Net Promoter Score of DHL, DPD, UPS, FedEx, TNT, Polish Post (*Poczta Polska*), GLS, Global Logistics) of 13% (Source: Customer.Guru).

Consumers generally value that the Group's APM lockers are available 24/7, that the lockers allow contactless opening by using the mobile application (which is especially attractive for consumers in the context of COVID-19) and that they can also use the APM lockers for returns. In the nine months ended 30 September 2020, approximately 97% of the parcels the Integer Group delivered were next day deliveries, which is attractive for consumers that increasingly desire delivery the day after ordering a parcel. In addition, delivery to APMs is less expensive than to-door delivery which often makes APM delivery more cost efficient for consumers.

The Group believes that consumer satisfaction is a key driver for e-commerce merchants to use its delivery services and it continuously strives to offer a best-in-class experience to consumers and merchants.

### Employees and independent contractors

As at 30 September 2020, the Integer Group had 3,186 employees.

The table below shows the number of employees for the periods indicated:

	As at 31 December 2019	As at 31 December 2018	As at 31 December 2017	As at 30 September 2020
	Employees	Employees	Employees	Employees
Sorting & Branches .....	1,426	1,059	905	1,837
Production .....	109	101	95	109
Sales & Marketing .....	302	231	213	386
Call Centre .....	124	96	95	159
Finance, HR and Administrative .....	151	129	88	185
IT .....	103	66	54	152
Expansion & Development .....	96	90	82	129
International (UK, Italy) .....	24	22	33	39
Other .....	132	88	90	190
<b>TOTAL .....</b>	<b>2,467</b>	<b>1,882</b>	<b>1,655</b>	<b>3,186</b>

In addition, the Group relies on independently contracted couriers who work on the basis of uniform B2B mandate contracts and who work for the Group full time. As at 30 September 2020, the Integer Group had 5,572 independently contracted couriers working for it. The Group's couriers are compensated based on parcel volume and on the location of delivery.

In the year ended 31 December 2019 the Integer Group had an average of 1,035 temporary workers per month.

### Real Estate

The Group's operations are based on the logistics infrastructure comprising 2 central sorting hubs, 4 regional sorting hubs, 62 depots, which are smaller sorting facilities, and the network of APMs.

All of the Group's APM locations, sorting facilities and other business locations are located on leased premises. The Group's production facility of certain APM components is located on three properties in Zabierzów, near Cracow, which are owned by the Group.

The Group's biggest sorting facility is located in Wola Bykowska, south of Łódź. Given its location in the centre of Poland, this facility serves as the Integer Group's main hub and in the year ended 31 December 2019 approximately 51% of parcels were routed through this facility. Another main sorting facility is located near Warsaw. Additionally, the Group has 62 depots located in major logistics centres throughout Poland, allowing for coverage of every Polish urban and suburban location.

As of 31 December 2020, the network of APMs comprised of 10,776 locations in Poland. The premises where the APMs are located are leased by the Group. The lease agreements are concluded on the Group's own template and are generally concluded for an indefinite period, with termination upon a one-month or three-month notice, except for approximately 800 locations which are leased for a definite period.

The Group's operations are supported from the offices in Cracow and in Warsaw. The Group's office in Cracow serves as its headquarters.

## **Insurance**

The Group maintains a comprehensive insurance portfolio for its business and operations. The Group obtains insurance either in the form of group insurance policies or individual insurance policies, in each case to cover identified risks and meet applicable legal requirements. Its insurance cover includes insurance of courier parcels during domestic and international transportation, civil liability insurance of a carrier in domestic transportation, assets, cyber, electronic equipment and machine insurance, and civil liability insurance covering commercial activity.

The Group believes that it maintains insurance coverage in a manner consistent with customary practice in its industry and the geographic regions in which it operates. The Group reviews its insurance portfolio on a regular basis to optimise its insurance structure taking into account, amongst other things, the insurance market conditions and the expansion of its business.

The Group provides directors' and officers' liability insurance for all members of the Executive Board and Supervisory Board, as well as certain other persons within the Group. See "*Management and Employees – Director's Indemnification and Insurance*".

## **Intellectual Property**

The Group has a large portfolio of registered trademarks used in its business, including for the InPost brand, and it holds rights of registration for various designs and patents, as well as utility models. These IP rights relate to the designation of products and services (trademark rights), the features of the APMs (designs) and technical solutions included in the APMs (patents). Registrations pertaining to these IP rights generally have a broader territorial coverage than Poland, including other EU countries and the UK. The Group's intellectual property portfolio also includes numerous domain names for websites that it uses in its business.

Apart from the IP rights owned by the Group, there are important patent rights utilised in its operations that are used on the basis of a non-exclusive licence granted by Deutsche Post AG in 2013. Under the licence agreement the Group may use certain inventions covered by patents or patent applications of Deutsche Post AG concerning APMs, such as an electronic device for packet boxes and related operating method or a method and device for the transmission of notifications, and has the right to market products based on such inventions worldwide, except for Germany.

## **Material Agreements**

In addition to the agreements referred to in "*Operating and Financial Review – Indebtedness – Banking Facilities and Loans*", "*Selling Shareholders and Related Party Transactions – Related Party Transactions*" and "*Plan of Distribution*", within the two years immediately preceding the date of this Prospectus the Group has entered into the following agreements that are material and/or contain provisions under which it has an obligation or entitlement that is material to it as of the date of this Prospectus.

### ***Allegro Framework Agreement***

On 11 September 2020, the Integer Group entered into the Framework Agreement with Allegro which replaces previously existing agreements regarding cooperation with Allegro for delivery to lockers and regulates all aspects of cooperation in respect of delivery services rendered by the Group, except for to-door delivery services which are provided to Allegro based on a separate agreement.

The Framework Agreement is concluded in connection with Allegro Smart! and certain other services not covered by this programme. The Framework Agreement regulates provision of delivery services to Allegro and also directly to the merchants and consumers on the Allegro's online platform.

The Framework Agreement has an initial seven-year term which commenced on 1 November 2020, subject to a so-called run-off period which could potentially extend the term of the Framework Agreement by an additional two years under certain circumstances as described below. The Group has agreed with Allegro to discuss in good faith new terms of cooperation that, if agreed, would come into force after the expiry of the Framework Agreement.

The prices offered by the Group under the Framework Agreement are subject to certain additional surcharges as well as various rebates. The Group is under an obligation to ensure that, without the prior consent of Allegro, it will not increase the prices for services rendered to Allegro or directly to merchants via the Allegro platform, during the period of the first two years of the Framework Agreement. After a period of 2 years from the date of the Framework Agreement, the prices under the Framework Agreement will be subject to indexation on an annual basis in accordance with an inflation based price index defined in the Agreement. The Framework Agreement also contains certain terms and conditions related to prices and other terms of services which the Group is able to offer to third parties. The Framework Agreement provides for a minimum parcel volume obligation of Allegro in respect of parcels ordered within Allegro Smart!. This volume obligation increases or decreases each year in line with the lower of: (i) the growth rate of the e-commerce market segment, excluding Allegro, or (ii) the annual growth rate of the total volume of shipments via parcel lockers (including the Group's APMs) under Allegro Smart!. The obligation applies for a period of 4.5 years, with Allegro having the right to extend it for the additional 2.5 years. In turn, the Group has committed to maintain certain capacity and service levels for the duration of the Framework Agreement.

Additionally, in the event that the actual volume of shipments within Allegro Smart! in any of the last two years of the original seven-year term of the Framework Agreement increases or decreases by the quantities set out in the Framework Agreement compared to the forecasts, Allegro is under an obligation to give the Group a two-year run-off period, i.e. extend the Framework Agreement by a maximum of two years. As a result, over an additional two year period commencing at the end of the year in which such a situation occurred, Allegro will be under an obligation to provide the Group with a certain minimum volume of Allegro Smart! parcels. In the event that the run-off period would apply, all the terms and conditions of the Framework Agreement will automatically be extended for the period corresponding to the length of the run-off period.

The Framework Agreement also regulates cooperation regarding the development and testing of certain potential new InPost services, including same day delivery, instant deliveries and fulfilment services. The Group has offered Allegro certain priority rights to test certain new services for a limited period of time that lapses 3 years after the commencement date of the Agreement.

The parties agreed to provide mutual marketing services during the term of the Framework Agreement, including the continuing display of the Allegro brand on the Group's lockers and the display of the InPost brand on the Allegro platform.

The Framework Agreement includes certain non-solicitation undertakings of Allegro concerning the Group's employees.

The Framework Agreement also provides for contractual penalties to be payable by both parties in case of certain breaches of the Framework Agreement, e.g. the Group could be obliged to pay a contractual penalty if the Group fails to maintain capacity and service levels set out in the Framework Agreement.

### ***Allegro Right of First Refusal***

On 11 September 2020, AI Prime entered into the agreement on the right of first refusal with Allegro.

Under the agreement, Allegro has a right of first refusal in the case AI Prime (i) intends to dispose shares in any Group company to any of the selected global strategic competitors of Allegro ("**Selected Competitor**") resulting in such Selected Competitors acquiring control over a material Group company carrying on commercial operations in Poland, (ii) intends to dispose of all or substantially all of the assets which are used by the Group to carry on its commercial operations in Poland to any Selected Competitor, or (iii) has received an unsolicited bid from any Selected Competitor which AI Prime intends to accept and which, if accepted, would constitute a transaction mentioned in points (i) and (ii) above. If any of the above events occurs, AI Prime shall offer (or shall procure that) the relevant shares or assets are first offered to

Allegro and Allegro may acquire such shares or assets substantially on the same terms and conditions as those offered by the relevant Selected Competitor, in particular for the same consideration.

The agreement provides for a detailed procedure concerning execution of the right of first refusal by Allegro, pursuant to which Allegro has to, among other things, within ten (10) business days from being notified by AI Prime about the intention to dispose relevant shares or assets, deliver a written notice of the exercise of the right of first refusal, together with confirmation and evidence that the acquisition is fully funded. If Allegro fails to exercise the right of refusal on the terms set out in the agreement (in particular, within the time frame set out in the agreement), the right of refusal will be deemed to be waived, and the Group may proceed with the contemplated transaction. The agreement provides for fixed liquidated damages to be payable in case of breach by either party and, in the case of a breach by AI Prime, such fixed payments is Allegro's sole remedy for that breach.

The agreement will terminate in particular if (i) Allegro is invited to a *bona fide* auction process concerning sale of the Group addressed to more than one potential investor, (ii) AI Prime or its parent holding company is listed on any stock exchange, or (iii) AI Prime ceases to control InPost sp. z o.o. or any other member of the Group which holds all or substantially all of the assets used by the Group to carry on its commercial operations in Poland.

#### ***Collaboration Agreement with Hermes Parcelnet Limited***

On 15 July 2019, InPost UK Limited ("**InPost UK**") entered into a collaboration agreement with Hermes Parcelnet Limited ("**Hermes Parcelnet**") (the "**Collaboration Agreement**"), of which 71.6% was later acquired indirectly by an entity affiliated with AI Prime. The Collaboration Agreement provides for terms and conditions of reciprocal services rendered by the parties and was concluded for an initial period of three years, starting from the date on which the parties agree that services provided on the basis of the Collaboration Agreement can fully commence following all testing and trials.

Hermes Parcelnet provides to InPost UK carrier services (collection, transport and delivery of parcels), as well as so-called "locker to address" services, whereas InPost UK provides so-called "operator services" consisting of the provision of access to certain APMs for Hermes Parcelnet to offer to their customers.

The Collaboration Agreement grants to both parties, on certain conditions, exclusivity rights connected with the services provided. In particular, InPost UK is prohibited from providing operator services to certain carriers specified in the Collaboration Agreement as long as Hermes Parcelnet uses the agreed amount of APMs and generates agreed levels of income from its use of InPost UK's APMs. In return, Hermes Parcelnet is obliged to exclusively use InPost UK as its provider of operator services.

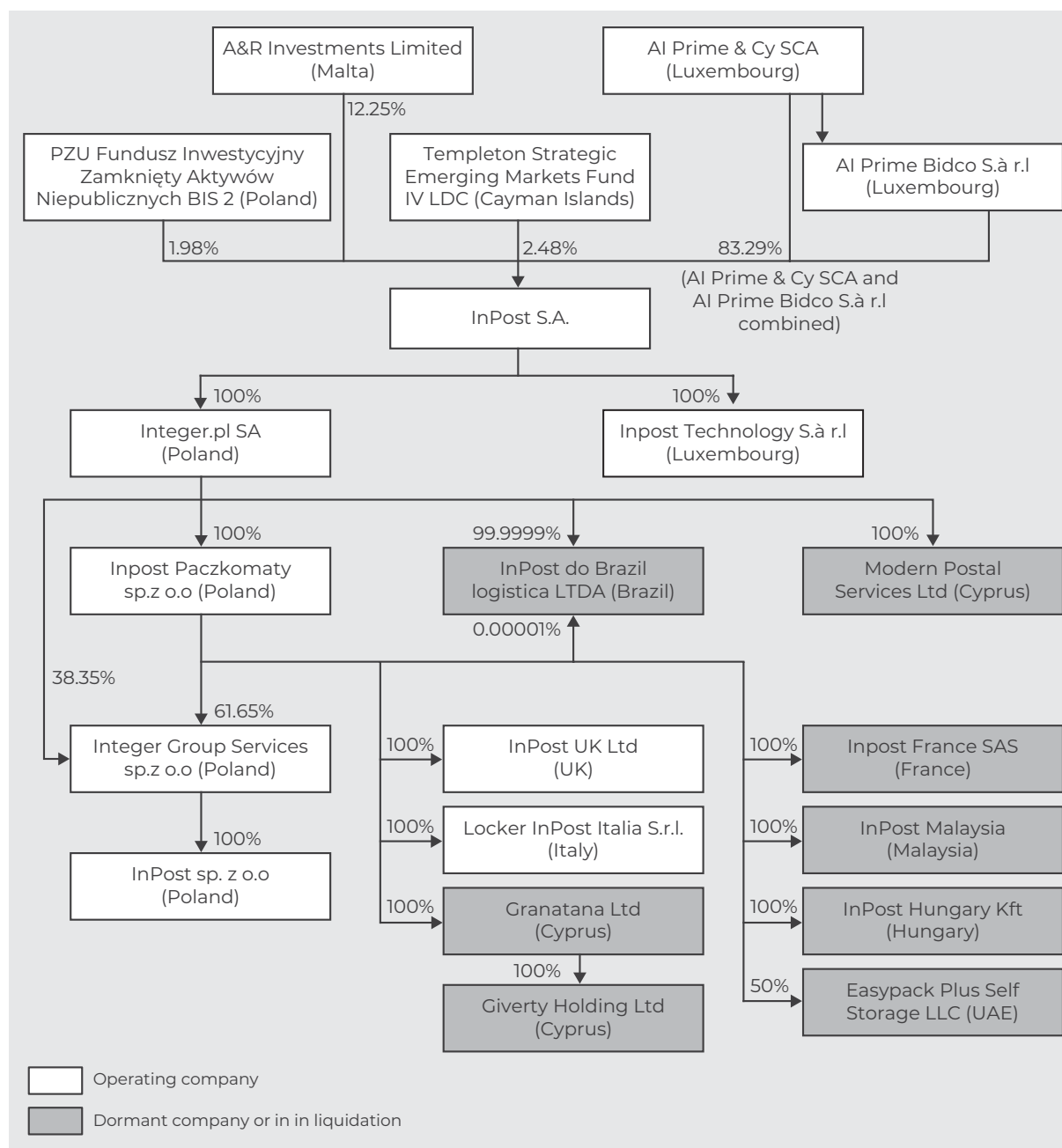
The Collaboration Agreement may be terminated by any party before expiry of its term by giving 12 months' notice. Termination with immediate effect is possible in specific cases, such as uncured material breach of the Collaboration Agreement, payment defaults, winding-up/insolvency or suspension/cessation of carrying on all or substantial part of the business of either of the parties. The Collaboration Agreement may be also terminated by a party in case of change of control relating to the other party (which is not, in the case of InPost UK, expected to be triggered by completion of the Offering). Additionally, if InPost UK ceases to operate in the UK Hermes Parcelnet has a right of first offer in relation to the purchase of InPost UK's APM network in the UK.

#### **Legal and Arbitration Proceedings**

The Group has not, nor has it been during the 12 months preceding the date of this Prospectus, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) that may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

## Group Structure

The structure chart below sets out the Group's structure immediately prior to Settlement.



## REGULATION

*The information in this section applies to the Group, unless specified otherwise.*

### Poland

#### Postal services

Provision of postal services, including courier services, is governed by (1) Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community of postal services and the improvement of quality of service, which has been implemented in Poland under the Polish Postal Act of 23 November 2012 ("**Polish Postal Act**") and (2) the Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services.

InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. are as of the date of this Prospectus registered as a postal operator in the register maintained by the Polish authority charged with regulating postal operators, the President of the Office of Electronic Communications (*Prezes Urzędu Komunikacji Elektronicznej*) ("**President of UKE**"). Such registration is required by the Polish Postal Act, which has divided the postal services market into several main segments, including courier services.

In their capacity of postal operators InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. are subject to various regulatory and reporting duties and ongoing supervision by the President of UKE. In addition, they may be subject to certain specific duties related to state security, national defence and public order and safety matters (including crime prevention) and they may need to cooperate with various Polish state security agencies in respect of these duties.

If InPost Paczkomaty sp. z o.o. or InPost sp. z o.o. were to be found in breach of their various regulatory obligations under the Polish Postal Act they would be exposed to a fine of up to 2% of part of their revenue generated from postal activities. Furthermore, breach of certain reporting duties under Regulation (EU) 2018/644 on cross-border parcel delivery services could result in fines up to 2% of their respective total revenue.

The Polish Postal Act provides that the universal postal services, comprising sorting, transport and delivery of letter-post items and postal parcels of specified dimensions, are provided by the designated operator (as of the date of the Prospectus, Polish Post (*Poczta Polska*)). Further, the Polish Postal Act provides that the designated operator may apply for a certain subsidy in a form of the financing of the net cost, due to the fact that designated operator is obliged to fulfil a number of obligations, including providing services throughout the country and incurs certain costs. The net cost is the difference between the justified net cost of operations of the designated operator and the net cost of operations of the same operator providing postal services but not subject to the universal service obligation, minus the indirect benefits related to the provision of universal services and the benefits resulting from special or exclusive rights granted to the designated operator.

The financing of the net cost is triggered when the provision of universal services has resulted in a loss, understood as a negative result on the sale of these services. The net cost is financed up to the amount of the loss on the provision of universal services. The Polish Postal Act establishes a mixed method of financing the net cost. In the first place, the net cost should be financed by postal operators providing universal services or services falling within the scope of universal services, whose revenue from these services in the financial year for which the surcharge is determined exceeded PLN 1,000,000. The services falling within the scope of universal services do not include postal services consisting in the sorting, transport and delivery of courier items (i.e., courier services). Each postal operator is obliged to participate in the surcharge finances the net cost in the amount established as the proportion of their revenues from the provision of universal services or services falling within the scope of universal services to the total revenues of all postal operators obtained from the provision of such services. The Polish Postal Act provides for a maximum share of each operator in the subsidy up to the level of 2% of the amount of revenues obtained by the relevant operator from universal services or services falling within the scope of universal services. If it turns out that the sum of the shares in the subsidy is not sufficient to finance the total net cost, the missing part should be financed from the State budget.

Therefore, if the designated operator (i.e., Polish Post (*Poczta Polska*)) incurs a loss from provision of the universal services, it may apply for the financing the net cost, resulting in the obligation of InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. to participate in the surcharge up to 2% of the amount of revenues obtained by InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. from universal services or services



falling within the scope of universal services (if their revenue from these services in the financial year for which the surcharge is determined exceeded PLN 1,000,000).

Since the introduction of the above-described regulation concerning the financing the net cost, the designated operator (Polish Post (*Poczta Polska*)) sustained a loss on the provision of the universal services for the year 2013. As a result, the President of UKE issued a decision obliging postal operators other than Polish Post (*Poczta Polska*) to transfer PLN 95,071,967 to Polish Post (*Poczta Polska*) as participation in the net cost. Subsequently, the President of UKE instigated proceedings aimed at establishing the amount to be paid by each relevant entity, including InPost S.A. and InPost Paczkomaty sp. z o.o. (both of which in 2013 provided universal postal services). As of the date of the Prospectus, the President of UKE has not yet determined the amounts of the surcharge to the universal services that would be payable by InPost S.A. and InPost Paczkomaty sp. z o.o. In 2019 InPost S.A. was dissolved in the result of the reorganisation of the Group and the obligations of InPost S.A. were transferred to the other Group Companies. It is estimated that the maximum aggregate sum to be paid by the Group will amount to approximately PLN 3,216,000.

If Polish Post (*Poczta Polska*) (or another relevant designated operator) incurred loss from the provision of the universal services also in the future, the above-mentioned regime would apply and the relevant entities from the Group providing universal services or services falling within the scope of universal services in the financial year to which the loss related could be obliged to participate in covering of the relevant amount of the net costs.

### **Data protection**

As part of its regular operations, the Group processes significant quantities of personal data. Therefore, it has implemented privacy policies and IT solutions to ensure compliant processing of personal data.

The GDPR sets out the general framework for the European data privacy regime. Under the GDPR, the definition of personal data includes information such as name, identification number, e-mail address, location data, online identifiers such as Internet protocol addresses and cookie identifiers, or any other type of information that can identify a natural person.

The GDPR sets out, among others, the following key principles and obligations that apply to the Group and its operations:

- Lawfulness: any use/processing of personal data requires a specific legal basis. Use of personal data is permissible, for example: to the extent this is required to perform a contract; if the individual has given its consent; or if the organization has a legitimate interest.
- Fairness and proportionality: processing of personal data must be fair, proportionate and compatible with the purpose for which the data were collected.
- Transparency: individuals must be informed about the processing of their personal data.
- Security: adequate technical and organizational measures need to be implemented to ensure the security of personal data.
- Storage limitation: personal data may not be retained for longer than necessary and should be deleted after such period.
- Data subject rights: individuals have several rights under the GDPR such as a:
  - right to access (obtain a copy of their personal data);
  - right to rectify any incorrect personal data;
  - right to request erasure of any personal data when no longer needed;
  - right to data portability (receive the personal data in a structured format so it can be used by another service provider); and
  - right to object to the use of personal data on in particular situations.
- Use of third-party service providers: in the event the personal data is processed by a service provider (data processor) on behalf of a data controller, this processing needs to be governed by a contract between the data controller and the data processor. Such contract must include certain mandatory clauses, such as for example on the subject-matter and duration of the processing; the right to audit, not engaging other third-party providers without consent, etc.

- Personal data breaches: depending on the breach, the competent supervisory authority and/or the data subject may need to be informed of a personal data breach within 72 hours after becoming aware of such breach.
- Record keeping: organizations must maintain a record containing a description of all their data processing activities.
- The transfer of personal data to entities outside the EEA is subject to specific requirements.

Fines for breach of the GDPR may be significant, depending on circumstances of an individual breach. In the worst-case scenario, they can go as high as 4% of the Group's turnover. Moreover, the supervisory authority may restrict further use of data in question, which could potentially impact the Group's operations. At the local level the GDPR is supplemented by the Polish Data Privacy Act of 10 May 2018 and various other pieces of local legislation.

## Protection of Competition and Consumers

### *Protection of Competition*

Competition restricting practices (anti-competitive agreements and abuse of dominance) are prohibited under the Polish Act of 16 February 2007 on competition and consumer protection (Journal of Laws of 2015, item 1634) (the "**Act on Competition and Consumer Protection**") and the Treaty on the Functioning of the European Union. The protection of competition is monitored at the European level by the European Commission and at the domestic level by the President of the Polish Office on Competition and Consumer Protection (*Urząd Ochrony Konkurencji i Konsumentów*) ("**UOKiK President**"). The UOKiK President also has the right to apply EU competition law directly (Article 101 and 102 of the Treaty on the Functioning of the European Union) if the infringement affects trade between EU Member States.

Article 6 of the Act on Competition and Consumer Protection prohibits agreements and concerted practices between undertakings (or associations of undertakings) that have as their object or effect the elimination, restriction or other infringement of competition. An exemplary statutory list of dominant position abuses includes, in particular:

- directly or indirectly fix purchase or selling prices or any other trading conditions;
- limit or control production, sale, as well as technical development or investments;
- share markets for the sale of goods or sources of supply;
- apply dissimilar or onerous contract terms to similar transactions with third parties, thereby placing them at a competitive disadvantage;
- make the conclusion of contracts subject to the acceptance or fulfilment by the other party of other obligations that by their nature or according to the customary usage have no connection with the subject of such contracts;
- restrict access to the market to undertakings not covered by the agreement, or eliminate them from the market; and
- fix the terms and conditions of bids by undertakings entering a tender, or by those undertakings and a tender organiser, including, in particular, the scope of works or price (bid rigging).

Article 9 of the Act on Competition and Consumer Protection prohibits abuse of a dominant position within a relevant market. A dominant position is held by an undertaking if it enables it to prevent effective competition in the relevant market and to act independently of competitors, contracting parties and consumers to a significant degree. In Poland there is a presumption of a dominant position if an undertaking has a market share exceeding 40% of the relevant market (the party can rebut this presumption). An exemplary statutory list of such infringements includes, in particular:

- directly or indirectly imposing unfair prices, including unreasonably high or abnormally low prices, long payment terms, or other unfair trading conditions for the purchase or sale of goods;
- limiting production, market sale, or technical development to the prejudice of customers or consumers;
- applying dissimilar or onerous contract terms to similar transactions with third parties, thereby placing them at a competitive disadvantage;

- making the conclusion of contracts subject to the acceptance or fulfilment by the other party of other obligations that, by their nature or according to the customary usage, have no connection with the subject of such contracts;
- preventing the development of the conditions necessary for the competition to emerge or develop;
- imposing onerous contract terms that result in unjustified benefits gained by the undertaking; and
- sharing of markets according to the criteria of territory, product range, or entity.

Although there are currently no pending proceedings concerning the Group's compliance with competition or anti-trust laws, from time to time the Group receives inquiries from the Polish Office of Competition and Consumer Protection as a part of explanatory or verification proceedings.

#### *Protection of Consumers*

Under the Act on Competition and Consumer Protection, the UOKiK President, acting in public interest, is responsible for implementing the consumer protection policy. The UOKiK President conducts proceedings concerning (i) practices infringing collective consumer interests and (ii) abusive clauses in standard agreements with consumers. The Group must also comply with various consumer protection laws regulated at the EU level.

Article 24 of the Act on Competition and Consumer Protection prohibits practices infringing collective consumer interests (i.e., practices that are unlawful activities (in violation of the law or good practice) of an entrepreneur resulting in harm to the interests of an unspecified number of consumers). An exemplary statutory list of such infringements includes, in particular:

- a breach of the obligation to provide reliable, correct, and complete information to consumers;
- unfair market practices or acts of unfair competition; and
- proposing financial services to consumers where such services do not correspond to the needs established with regard to those consumers' characteristics or proposing such services in a manner inconsistent with the nature of the services in question (the so-called misspelling).

The UOKiK President also conducts proceedings intended to determine whether standard form contracts with consumers contain any abusive clauses and whether a prohibition on the use of such clauses should be imposed (Article 23a of the Act on Competition and Consumer Protection).

#### *Potential Sanctions for Breach of Competition or Consumer Laws*

The UOKiK President may issue a decision and impose a fine of up to 10% of the individual company's turnover generated in the year preceding the imposition of the fine for, *inter alia*, (i) breach of Polish (or EU) competition law, (ii) recognizing the practice as infringing collective consumer interests or (iii) recognizing the provisions of a standard form contract as abusive. The UOKiK President may also (i) enforce abandonment of the practice/abusive clause and/or (ii) order the company to remedy the effects of an infringement. Additionally, if a company fails to comply with the UOKiK President's decision, the UOKiK President may impose a fine of up to EUR 10,000 (approximately PLN 44,574) per each day of such delay.

The UOKiK President may also impose a fine on individuals (management) of up to PLN 2.0 million (approximately EUR 0.4 million), if it is found they contributed deliberately to the violation of laws on anticompetitive agreements (except for bid-rigging, which is a criminal offence), collective consumer interests or to the use of abusive contractual clauses (up to even PLN 5.0 million (approximately EUR 1.1 million) in consumer cases in the financial sector). This sanction cannot be imposed on individuals in case of abuse of dominance.

An agreement/provision that amounts to an infringement is invalid in its entirety or in relevant part.

In specific circumstances, the Act on Competition and Consumer Protection provides for a possibility of concluding the proceedings by means of a commitment decision. The company may propose a commitment implementation that will allow it to eliminate the practice or its effects and the UOKiK President, recognizing that the proposed commitment will enable it to achieve these objectives, may impose, by way of an administrative decision, an obligation to implement this commitment. At the same time, the company avoids fines being imposed for the infringement.

The UOKiK President may, in all proceedings, impose on a company a fine of up to EUR 50.0 million (approximately PLN 222.9 million) for any failure to provide information, for providing false or misleading information or for a lack of cooperation during any inspection or search conducted by the UOKiK President in connection with the proceedings.

Additionally, the European Commission has the power to impose fines of up to 10% of the turnover of the company concerned in the last financial year for breach of EU competition rules. This 10% limit may be also based on the turnover of the group to which the company concerned belongs.

The Group may be subject to civil claims for damages in relation to the alleged or actual infringement of competition or consumer law. A damages action can be triggered by a stand-alone action or by an action that follows a public enforcement decision such as a decision of the UOKiK President or the European Commission. To ensure effective enforcement of such claims, a private enforcement legal framework has been under development in recent years throughout the EU to, among other things, introduce a directive harmonizing rules on numerous issues arising in competition damages claims and introduce collective redress mechanisms. This framework seeks to strengthen the position of private claimants seeking damages by removing substantive and procedural obstacles for claimants to prove an infringement and establish damages.

## MANAGEMENT AND EMPLOYEES

### **Integer.pl**

#### **General**

Set out below is certain relevant information concerning the management and supervisory board of Integer.pl, for the last full financial year and as of the Settlement Date.

#### ***Information on the management board and supervisory board of Integer.pl for the last full financial year***

For the year ended 31 December 2019, the management board of Integer.pl consisted of the following members:

- Mr Rafal Brzoska
- Mr Adam Aleksandrowicz
- Mr Marcin Pulchny
- Mr Dariusz Lipinski

For the year ended 31 December 2019, the supervisory board of Integer.pl consisted of the following members:

- Mr Ralf Huep
- Mr Nick Rose
- Mr Peter Nachtnebel – member since 1 June 2017, resigned on 27 January 2020
- Mr Mark Robertshaw
- Mr Tomasz Jakub Wojtaszek – member since 1 June 2017, resigned on 15 November 2019

The total aggregate amount of remuneration paid to the management board of Integer.pl for the year ended 31 December 2019 amounted to PLN 5.2 million.

The total aggregate amount of remuneration paid to the supervisory board of Integer.pl for the year ended 31 December 2019 amounted to PLN 0.67 million.

There were no amounts set aside or accrued by Integer.pl for the management board or the supervisory board of Integer.pl for the year ended 31 December 2019 to provide for pension, retirement or similar benefits. No service contracts with any of the members of the management board or the supervisory board providing for benefits upon termination of employment for the year 2019 were in place.

#### ***Information on the composition of the management board and supervisory board of Integer.pl as of the Settlement Date***

As of the Settlement Date, the composition of the management board and supervisory board of Integer.pl will be as follows:

##### Management board Integer.pl

- Mr Rafal Brzoska– member since 26 February 2007
- Mr Adam Aleksandrowicz– member since 22 May 2017
- Mr Damian Niewiadomski – member since 1 January 2020
- Mr Dariusz Lipinski – member since 30 May 2018
- Mr Marcin Pulchny– member since 5 July 2016

##### Supervisory board Integer.pl

- Mr Mark Robertshaw – member since 4 October 2017
- Mr Ralf Huep – member since 1 June 2017
- Mr Nick Rose – member since 1 June 2017
- Mr Mike Roth – member since 29 June 2020
- Mr Ranjan Sen – member since 18 January 2021

- Ms Marieke Bax – member since 18 January 2021

See “*Management and Employees – Members of the Management Board*”, “*Management and Employees – Members of the Supervisory Board*” and “*Management and Employees – Executive Committee*” for details on the members of the management board and supervisory board of Integer.pl.

## Company

### General

Set out below is an overview of relevant information concerning the Management Board, Supervisory Board and the employees of the Group, and a brief overview of certain significant provisions of Luxembourg corporate law and the Articles of Association.

This overview does not purport to give a complete overview and should be read in conjunction with the Articles of Association and the relevant provisions of Luxembourg corporate law. This overview does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available in English and French at the Company’s business address during regular business hours. The Articles of Association are also available in English and French on the Company’s website.

### Management Structure of the Company

The Company has adopted a two-tier board structure consisting of a management board (*directoire*) and a supervisory board (*conseil de surveillance*).

The Management Board is responsible for the day-to-day management and strategy of the Group and the advocacy of the general stakeholders’ interests. The Management Board may perform all acts necessary or useful for achieving the Company’s corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board under the 1915 Law or the Articles of Association.

The Supervisory Board supervises and advises the Management Board, without interfering in the management of the Company.

## Management Board of the Company

### Management Board Rules

The Management Board has adopted rules governing its decision-making process and working methods (the “**Management Board Rules**”), which will become effective as of the Settlement Date. The Management Board Rules describe the duties, tasks, composition, procedures and decision-making of the Management Board. The Management Board Rules are available on the Company’s website.

### Composition, Appointment and Dismissal

The Articles of Association provide that the Management Board must consist of at least two members. The members of the Management Board shall be appointed by the Supervisory Board. The members of the Management Board shall be appointed for a term of up to four years and shall be eligible for reappointment in accordance with the Articles of Association for a term of up to four years at a time, provided that, unless a Management Board member resigns earlier, his or her appointment period shall end immediately after the annual general meeting of the Company (the “**Annual General Meeting**”) that will be held in the financial year in which such term would end, unless specified otherwise in the resolution appointing such Management Board member. Subject to the Articles of Association, a member of the Management Board may be removed or replaced with or without cause, at any time, by the Supervisory Board.

No person can simultaneously be a member of the Management Board and a member of the Supervisory Board. However, in the event of one or more vacancies in the Management Board, because of death, resignation or otherwise, the Supervisory Board may appoint one or more members of the Supervisory Board, as the case may be, to temporarily fill any such vacancy until the next meeting of the Supervisory Board. During this period, the duties of this person in its capacity as a member of the Supervisory Board will be suspended.

### Management Board Meetings

Management Board meetings shall be held in accordance with the Articles of Association and the Management Board Rules and may be convened by the chairperson of the Management Board or any member of the Management Board. The Management Board holds meetings as often as the business and



interests of the Company shall require. By way of exception, meetings may be conducted via telephone, video conference or other communication means if circumstances give rise thereto, provided that all members can communicate with each other and that such meetings shall be initiated and organized by a Management Board member attending the meeting physically in Luxembourg.

### ***Decision-making***

The Management Board can only validly adopt resolutions if at least a majority of its members are present or represented at a meeting duly convened in accordance with the Articles of Association, the Management Board Rules and Luxembourg law. The Management Board adopts resolutions by a majority of the votes cast. Each member of the Management Board has one vote. In the event of a tied vote, the matter shall be resolved by the Supervisory Board.

The Articles of Association comprise a list of clearly defined resolutions of the Management Board that require the prior consent of the Supervisory Board.

The consent for these Management Board resolutions must be obtained from the Supervisory Board in writing prior to the execution of the respective transaction or measure. However, in exceptional cases where the Management Board is required to act immediately in order to prevent a significant harm to the Company, the Management Board may execute such transactions and measures without the prior written consent of the Supervisory Board but must obtain the written consent of the Supervisory Board as soon as possible after the execution of such transaction or measure. The Supervisory Board may also release the Management Board in advance from obtaining its prior written consent for certain individual or general business transactions or measures.

### ***Delegation of Powers***

The Management Board may appoint one or more persons as daily manager (*délégué à la gestion journalière*) with full authority to act on behalf of the Company in all matters pertaining to the daily management and affairs of the Company. Such person may not be a member of the Supervisory Board. In case more than one person is appointed as such, the Management Board may determine whether or not such persons form a collegiate body. On the date of this Prospectus no such person has been appointed by the Management Board.

The Management Board may appoint one or more persons for the purposes of performing specific functions at any level within the Company. Such person may not be a member of the Supervisory Board. On the date of this Prospectus no such person has been appointed by the Management Board.

### **Members of the Management Board**

As of the Settlement Date, the Management Board is composed of the following members:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Member since</b>	<b>Term</b>
Rafal Brzoska .....	43	CEO / Chairperson of the Management Board / Management Board member	2021 (but served as a management board member of Integer.pl since 2007)	2025
Adam Aleksandrowicz .....	48	CFO / Management Board member	2021 (but served as a management board member of Integer.pl since 2017)	2025

**Mr Brzoska** (born 1977, Polish) is the Group Chief Executive Officer, a member of the Management Board and member of the management board of Integer.pl since February 2007. Mr Brzoska is the founder of Inpost and shareholder of the Group. Mr Brzoska is also a member of the management board of Integer.pl, Inpost, Inpost Paczkomaty and other companies within the Group. Mr Brzoska is also a co-founder of two Venture Capital funds, bValue VC and InovoVC. Mr Brzoska is currently a director of Giverty Holding Limited (since 2011) and Granatana Limited (since 2012), CEO of AR Holding sp. z o.o. (since 2015) and FH FENIKS sp. z o.o. (from 2020), a member of the supervisory board of Social WIFI sp. z o.o., Web2Print sp. z o.o., Benhauer sp. z o.o. and Bright Future sp. z o.o. and a limited partner of WLW Inwestycje sp. k., BVALUE Bridge sp. z o.o. and BVALUE Unicorns sp. z o.o. Previously, he was a director of Fenix Investment Limited (from 2005 to 2018), a member of the supervisory board of Hubstyle S.A. (from 2011 to 2017), a member of the management board of DJW Inwestycje sp. z o.o. (from 2014 to 2018) and CEO of OneClick Investment sp. z o.o. (from 2016 to 2018), Inticket sp. z o.o. (from 2016 to 2018), InSupport Center sp. z o.o. (from 2017 to 2018), Inittec sp. z o.o. (from 2011 to 2018), Dyskontownia.pl sp. z o.o. (from 2016 to 2018), AQ-Tec sp. z o.o. (from 2013 to 2018) and 4M Technology sp. z o.o. (from 2017 to 2018). Overall, Mr Brzoska has more than 21 years of experience in

logistics, technology, management and leadership. Mr Brzoska holds a Master's degree in Marketing and Management from the Cracow University of Economics.

**Mr Aleksandrowicz** (born 1972, Polish) is the Group Chief Financial Officer, a member of the Management Board and a member of the management board of Integer.pl since May 2017. Mr Aleksandrowicz joined Inpost in 2017 as CFO of the Group. Mr Aleksandrowicz is also a member of the management board of Integer.pl, Inpost, Inpost Paczkomaty and other companies within the Group. Mr Aleksandrowicz has over 25 years of experience in finance and business management. Previously, Mr Aleksandrowicz was CFO of American Heart of Poland from 2012 to 2016 and member of the supervisory board of American Heart of Poland from 2016 to 2018. He was also a member of the supervisory board of WSiP S.A., a company in educational publishing, from 2015 to 2018 and vice president of the board of AHP Inwestycje. Mr Aleksandrowicz holds a Master's degree in Banking and Finance from University of Gdańsk.

## **Supervisory Board**

### ***Supervisory Board Rules***

The Supervisory Board has adopted rules governing its decision-making process and working methods (the “**Supervisory Board Rules**”), which will become effective as of the Settlement Date. The Supervisory Board Rules describe the duties, tasks, composition, procedures and decision-making of the Supervisory Board. The Supervisory Board Rules are available on the Company's website.

### ***Composition, Appointment and Dismissal***

The Articles of Association provide that the Supervisory Board must consist of at least three members. No person can simultaneously be a member of the Management Board and the Supervisory Board.

The members of the Supervisory Board shall be appointed by the General Meeting upon proposal by the Supervisory Board, subject to compliance with any applicable nomination right of AI Prime and/or A&R as set out in the Articles of Association. See “*Selling Shareholders and Related Party Transactions – Related Party Transactions – Relationship Agreement*”.

The members of the Supervisory Board shall be appointed for a term of up to four years, provided that, unless a Supervisory Board member resigns earlier, his or her appointment period shall end immediately after the Annual General Meeting that will be held in the financial year in which such term would end, unless specified otherwise in the resolution appointing such Supervisory Board member. The members of the Supervisory Board may be reappointed for another four-year period and then subsequently be reappointed again for a period of two years, which reappointment may be extended by up to two years. In the event of a reappointment after an eight-year period, reasons for such reappointment should be given in the report of the Supervisory Board.

Subject to the Articles of Association and the Supervisory Board Rules, a member of the Supervisory Board may be removed or replaced with or without cause, at any time, by a resolution adopted by the General Meeting.

In the event of one or more vacancies in the Supervisory Board, because of death, resignation or otherwise, the remaining members of the Supervisory Board may appoint one or more new members to the Supervisory Board, as the case may be, to temporarily fill any such vacancy until the next General Meeting where a new member of the Supervisory Board will be appointed, subject to compliance with any applicable nomination right of AI Prime and/or A&R as set out in the Articles of Association.

The Supervisory Board shall appoint a member of the Supervisory Board as chairperson (“**Chairperson**”) and may appoint another member as vice-chairperson (“**Vice-Chairperson**”). The Chairperson and, in his or her absence, the Vice-Chairperson, if any, will be responsible for, among other things, the effective operation of the Supervisory Board, and shall ensure that Supervisory Board members receive adequate information in advance of meetings of the Supervisory Board; promote debate and the active involvement of Supervisory Board members during Supervisory Board meetings; safeguard their rights to freely take a position and express their opinion; ensure that the Supervisory Board has proper contact with the Management Board; and, working with the chairpersons of the appropriate committees, organise and coordinate regular evaluations of the Supervisory Board and the Management Board.

### ***Supervisory Board Meetings***

Supervisory Board meetings shall be held in accordance with the Articles of Association and the Supervisory Board Rules. Supervisory Board meetings may be convened by the Chairperson or the Vice-Chairperson, if any, and any two members of the Supervisory Board may request the Chairperson to convene a meeting. The Supervisory Board holds meetings on a regular basis, but at least four times each year. By way of exception, meetings may be conducted via telephone, video conference or other communication means if circumstances give rise thereto, provided that all members can communicate with each other and that such meetings shall be initiated and organized by a Supervisory Board member attending the meeting physically in Luxembourg.

In order for a Supervisory Board Meeting to be validly held, subject to the Supervisory Board Rules, at least a majority of the members of the Supervisory Board must be present or represented and, as long as AI Prime has a nomination right, at least one Supervisory Board member appointed upon the nomination of AI Prime must be present or represented.

### ***Decision-making***

Each member of the Supervisory Board has one vote. The Chairperson has a casting vote in the event of a tied vote. Subject to the Supervisory Board Rules, decisions of the Supervisory Board are made by a simple majority of the votes validly cast by the members of the Supervisory Board present and represented.

### **Members of the Supervisory Board**

As of the Settlement Date, the Supervisory Board is composed of the following members:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Committee</b>	<b>Member since</b>	<b>Term</b>
Mark Robertshaw .....	52	Chairperson / member of the Supervisory Board	Audit Committee Selection, Appointment and Remuneration Committee	2021 (but served as a supervisory board member of Integer.pl since 2017)	2024
Mike Roth.....	54	Member of the Supervisory Board	Selection, Appointment and Remuneration Committee	2021 (but served as a supervisory board member of Integer.pl since 2020)	2024
Nick Rose .....	40	Member of the Supervisory Board	Audit Committee Chairperson of the Selection, Appointment and Remuneration Committee	2021 (but served as a supervisory board member of Integer.pl since 2017)	2025
Ranjan Sen.....	51	Member of the Supervisory Board	N/A	2021	2025
Ralf Huep.....	59	Member of the Supervisory Board	N/A	2021 (but served as a supervisory board member of Integer.pl since 2017)	2023
Marieke Bax .....	59	Member of the Supervisory Board	Chairperson of the Audit Committee Selection, Appointment and Remuneration Committee	2021	2025

**Mr Robertshaw** (born 1968, UK) is the Chairperson, a member of the Supervisory Board and a member of the supervisory board of Integer.pl since October 2017. He is also chairman of the board of Vita Global Limited, a company in flexible PU foam. Previously, he has been chairman of the board of Survitec Topco Limited from May 2018 to October 2019, a company in marine safety equipment, CEO of Innovia Group from January 2015 to February 2017, a producer of polymer products, and Non-Executive director of Segro Plc from June 2010 to July 2018, a provider of logistics real estate buildings. Mr Robertshaw is currently also director of Pthreefive Ltd and The Leigh Residents Management Company Limited. Mr Robertshaw has a masters' and bachelor's degree in Modern Languages from Oxford University. His business address is Bosinney, The Leigh Kingston Upon Thames, Surrey KT2 7DS, United Kingdom.

**Mr Roth** (born 1966, German and US) is a member of the Supervisory Board and a member of the supervisory board of Integer.pl since June 2020. From 1999 to 2019, Mr Roth worked at Amazon, ultimately as Vice President Global Customer Fulfilment. Currently he is a board member of Rent The Runway (since February 2020), an online clothing rental company, a board member of Fleetpride (since March 2019), a company in spare parts distribution for trucks and advisor to the CEO of Revolut (since March 2019), a fintech company. He has a chemistry degree from Universitaet Tuebingen. His business address is 1127 Sunset Ave SW, Seattle, WA 98116 United States.

**Mr Rose** (born 1980, UK) is a member of the Supervisory Board and a member of the supervisory board of Integer.pl since June 2017. He has worked at Advent International Ltd since 2005, currently as managing director. Mr Rose is board member of Mercury A Capital Limited since 2015, and board member of Hermes UK and Germany, a logistics company, since 2020. Mr Rose has a master's degree in philosophy, politics and economics from Oxford University. His business address is Advent International Ltd, 160 Victoria Street, London, SW1E 5LB, United Kingdom.

**Mr Sen** (born 1969, German) is a member of the Supervisory Board and a member of the supervisory board of Integer.pl since January 2021. He has worked at Advent International GmbH since 2003 and has many years of private equity and banking experience. From 2016, he has been managing partner at Advent International and head of the German office. Mr Sen is also a member of the European and Asian Investment Advisory Committee of Advent International. He is currently board member of Dufry AG, a travel retailer in Switzerland and a board member of Hermes Germany, a logistics company, both since 2020. Mr Sen has a degree in Business Administration from Richmond University in London. His business address is Advent International GmbH, Westhafenplatz 1, 60325 Frankfurt am Main, Germany.

**Mr Huep** (born 1961, German) is a member of the Supervisory Board and a member of the supervisory board of Integer.pl since June 2017. From 1991 to 2019 Mr Huep worked with Advent International, as managing partner. He has over 20 years of experience in private equity and investments. He is currently managing director of Circap Sp.z.o.o., Holistic Group Holding Sp.z.o.o., Holistic Clinic Sp.z.o.o. and Aslan Investment Sp.z.o.o. in Poland, managing director of Amberger & Co. GmbH, M&A Bauträger GmbH, RH-Verwaltungsgesellschaft mbH, LH Reitsport Verwaltungsgesellschaft mbH, Gustav Pepenbrink GmbH and QIN-Form GmbH Verwaltungsgesellschaft in Germany and a member of the board of Plastic Energy Global SL in Spain. Mr Huep has a business degree from Universität Bielefeld. His business address is Flory 3/13, 00586 Warsaw, Poland.

**Ms Bax** (born 1961, Dutch) is a member of the Supervisory Board. She is also the chairperson of the Audit Committee, a member of the Selection, Appointment and Remuneration Committee and a member of the supervisory board of Integer.pl since January 2021. Ms Bax has over ten years of experience as a non-executive director. Currently, she also serves as a non-executive director of Frontier Economics (since 2020), a consultancy firm, as a non-executive director and a member of the audit committee of Fastned (since 2020), a company providing fast-charging stations for electric cars, and as a non-executive director and chairperson of the audit committee of Vion Food Group (since 2015), a branded foodservice business. She also serves as an interim executive director of the Enterprise Chamber of the Court of Appeal of Amsterdam and as a member of the advisory board of the Dutch Faculty of Law of the University of Amsterdam. Previously, Ms Bax was a non-executive director of VastNed Retail (from 2012 to 2020), Fonds Podiumkunsten (from 2011 to 2020), CLSA (from 2014 to 2019) and Euroclear/EESA (from 2016 to 2018), a member of the advisory committee of the Frans Hals Museum in the Netherlands (from 2010 to 2016) and she was Senior Advisor at Deloitte (from 2019 to 2020) and Strategic Advisor at KPMG (from 2013 to 2016). Ms Bax has law degrees from the University of Amsterdam and Cambridge University, and a MBA from INSEAD Fontainebleau. Her business address is Plantage Westermanlaan 7C, 1018DK Amsterdam, the Netherlands.

### **Supervisory Board Committees**

The Supervisory Board will have two committees: an audit committee (the “**Audit Committee**”) and a selection, appointment and remuneration Committee (the “**Selection, Appointment and Remuneration Committee**”) (together referred to as the “**Committees**”). The Committees may seek assistance from external experts for the fulfilment of its duties.

#### ***Audit Committee***

The Audit Committee assists the Supervisory Board in monitoring the Group's systems of internal controls, the quality and integrity of the Group's financial reporting process and the content of the Group's financial statements and reports, and in assessing and mitigating the Group's business and financial risks.

The Audit Committee assists the Supervisory Board by advising on matters, such as the Group's financing policy, its compliance with applicable laws and regulations, its disclosure of financial information, including its accounting principles, the procedure and recommendation for the appointment of the Group's external auditor to the General Meeting, the recommendations from the Group's external auditor, and the review of the Group's internal risk management and control systems and business continuity safeguards.



The roles and responsibilities of the Audit Committee as well as the composition and the manner in which it discharges its duties are set out in the charter of the Audit Committee. The Audit Committee will meet as often as circumstances dictate but in any event at least two times per year.

The members of the Audit Committee will be: Marieke Bax (chairperson), Mark Robertshaw and Nick Rose.

#### ***Selection, Appointment and Remuneration Committee***

The duties of the Selection, Appointment and Remuneration Committee include assisting the Supervisory Board in supervising the Management Board with respect to the Group's compensation programs and compensation of the senior management and other personnel of the Group, advising the Supervisory Board on the remuneration of the individual members of the Management Board and the Supervisory Board within the scope of the remuneration policy adopted by the General Meeting, monitoring the application of the Group's remuneration policy and assisting the Supervisory Board with the selection and appointment procedures for the members of the Supervisory Board, the Management Board, the Executive Committee and other senior management. The Selection, Appointment and Remuneration Committee is also responsible for the preparation of the annual remuneration report of the Supervisory Board. Such report shall be published on the Company's website.

The role and responsibility of the Selection, Appointment and Remuneration Committee as well as the composition and the manner in which they discharge their respective duties are set out in the charter of the Selection, Appointment and Remuneration Committee. The Selection, Appointment and Remuneration Committee will meet as often as circumstances dictate but in any event at least two times per year.

The members of the Selection, Appointment and Remuneration Committee will be: Nick Rose (chairperson), Mike Roth, Mark Robertshaw and Marieke Bax.

#### **Executive Committee**

The Company has an executive committee (the "**Executive Committee**") that supports the members of the Management Board in the day-to-day management of the Group's business. As of the Settlement Date, the Executive Committee consists of the members of the Management Board and the following additional members:

**Damian Niewiadomski** (born 1975, Polish) is the Chief Commercial Officer and a member of the management board of Integer.pl since January 2020. Mr. Niewiadomski joined the Group as the Commercial Director in 2016 and was appointed the CCO in 2020. Mr. Niewiadomski has more than 20 years of experience in sales and management. Previously, Mr. Niewiadomski held top management positions at Orlen Oil from 2014 to 2016 and EmiTel. Mr. Niewiadomski holds a Master's degree in Business, Management, Marketing and Related Support Services from the Katowice Business University. His business address is ul. Wielicka 28, 30-552, Krakow, Poland.

**Dariusz Lipiński** (born 1971, Polish) is the Chief Operating Officer and a member of the management board of Integer.pl since May 2018. Mr. Lipiński joined the Group in 2018. Mr. Lipiński has more than 20 years of experience in operations and management. Previously, Mr. Lipiński held top management positions at Cersanit Group from April 2016 to February 2018 and Corning Optical Communications and Corning Cable Systems from 2004 to 2016. Mr. Lipiński holds an MBA degree from Collegium Mazovia, postgraduate degree in Logistics and Supply Chain Management from the Warsaw School of Economics and a Master's degree in Material Engineering from the Silesian University of Technology. His business address is ul. Cybernetyki 10, 02-667 Warsaw, Poland.

**Marcin Pulchny** (born 1982, Polish) is the Chief Financial Officer responsible for the Polish market and a member of the management board of Integer.pl since July 2016. Mr. Pulchny joined the Group as the Controlling Director in 2014 and was appointed the CFO in 2015. Mr. Pulchny has more than 14 years of experience in finance, audit and management. Previously, Mr. Pulchny was a manager in PwC. Mr. Pulchny holds a Master's degree in Finance and Banking from the Cracow University of Economics and a BA degree in International Business from the Avans Hogeschool Breda. His business address is ul. Wielicka 28, 30-552 Krakow, Poland.

**Michael Rouse** (born 1973, UK) is the Chief Executive Officer responsible for International business of the Group. Mr. Rouse joined InPost as the CEO International in October 2020. Mr. Rouse, has more than 20 years of experience in general management, operations, mergers and acquisition and go-to-market leadership. Mr. Rouse was Group CCO at Klarna Bank AB in Sweden from 2015 to 2019, a board member

of Wrapp AB from 2015 to 2017 and held top management positions at American Express and United Biscuits prior. Mr. Rouse holds an MBA degree in Business Administration and Management and BSc degree in Applied Biochemical Sciences, both from the University of Ulster. His business address is 228 St Margarets Road, Twickenham, TW1 1NL, United Kingdom.

## Remuneration

The remuneration of the members of the Management Board and the Supervisory Board is determined in aggregate by the General Meeting, with due observance of the remuneration policy as adopted by the General Meeting. The Supervisory Board (on the advice of the Selection, Appointment and Remuneration Committee of the Supervisory Board), within the limits of the aggregate remuneration approved by the General Meeting and with due observance of the remuneration policy, shall resolve on the individual remuneration of the members of the Management Board and Supervisory Board. The remuneration of the members of the Executive Committee, who are not members of the Management Board, shall be determined by the Management Board, subject to prior approval of the Supervisory Board.

### Management Board Remuneration

The remuneration policy aims to provide a remuneration structure that will allow the Group to attract, reward and retain highly qualified Management Board members and provide and motivate them with a balanced and competitive remuneration that is focused on superior and sustainable financial results and is aligned with the long-term strategy of the Group.

Pursuant to the remuneration policy, the remuneration of the members of the Management Board is made up of fixed and variable elements. The Supervisory Board has determined the weighting of fixed and variable elements and the balance between short and long-term awards in such a way that fixed pay is moderate compared to other comparable listed companies, and the proportion of the total remuneration that is performance-related for delivering superior performance is market-leading in comparison to other comparable listed companies, reflecting the Group's highly performance-oriented and entrepreneurial culture, the objectives of growth and expansion and the aim to foster alignment of the interests of the members of the Management Board with the Company's shareholders.

Pursuant to the remuneration policy, the remuneration of the members of the Management Board will consist of:

- annual base salary;
- annual and deferred bonus plan;
- long-term incentive plan; and
- fringe benefits, including a possible pension provision.

As from the Settlement Date, the individual remuneration of each member of the Management Board will be as follows:

	<b>Rafal Brzoska (CEO)</b>	<b>Adam Aleksandrowicz (CFO)</b>
Annual base salary	PLN 2.7 million	PLN 1.8 million
Maximum annual bonus (cash and shares), subject to performance criteria	200% of annual base salary	200% of annual base salary
Maximum long-term incentive (shares), subject to performance criteria	200% of the sum of annual base salary plus annual bonus (actual amount paid in respect of prior year) capped at 600% of annual base salary	200% of the sum of annual base salary plus annual bonus (actual amount paid in respect of prior year) capped at 600% of annual base salary
Pensions	Nil	Nil
Share ownership requirements (to be built up over five years)	350% of annual base salary	250% of annual base salary



### *Annual base salary*

The annual base salary of the members of the Management Board aims to reflect the responsibility and scope of their role, taking into account their level of seniority and experience. The annual base salary for each member of the Management Board is a fixed cash compensation paid on a monthly basis. In light of the Group's remuneration philosophy to have a remuneration package for the members of the Management Board that is more heavily weighted to performance-based elements, the annual base salary is targeted to be around the lower quartile of executives with similar roles in comparable companies.

The annual base salary will be reviewed by the Supervisory Board on an annual basis, or when there is a change in position or responsibility, taking into account individual performance and degree of individual responsibility, the general operational performance of the Group, as well as the economic environment and sustainable development of the Group.

### *Annual bonus*

Members of the Management Board are eligible to receive an annual bonus subject to the achievement of certain pre-determined financial, strategic and operational performance measures. The annual bonus is capped as a percentage of salary. Unless the Supervisory Board determines otherwise, at least 50% of the annual bonus will be deferred into Shares for a period of three years, meaning that the member normally forfeits his or her rights to those Shares if he or she leaves the Company before the end of that period. The Supervisory Board will determine the bonus to be awarded following the end of the relevant financial year.

### *Long-term incentive plan*

Pursuant to the terms of the long-term incentive plan ("LTIP"), the members of the Management Board (as well as certain other senior managers) are eligible to receive awards for Shares, which shall normally vest after a three-year performance period, subject to the achievement of certain pre-determined financial performance metrics and remaining in employment. The maximum value of Shares over which a member of the Management Board may be eligible to receive an LTIP award on an annual basis will be equal to 200% of the sum of the annual base salary and the annual bonus earned in the last financial year.

### *Pension and fringe benefits*

As at the Settlement Date, the members of the Management Board do not participate in any personal pension schemes. However, pursuant to the remuneration policy new members of the Management Board may be given the opportunity to participate in a personal pension scheme.

Members of the Management Board are eligible for certain benefits, such as private health cover, life insurance, a mobile phone, a company car, business expense allowance or allowances in lieu of such benefits. The Supervisory Board may offer other additional benefits, such as expatriate benefits (housing and travel allowance), relocation allowances and reasonable tax advice or support.

### ***Remuneration of members of the Management Board in the year ended 31 December 2020***

The total aggregate remuneration received by the members of the Management Board in 2020 amounted to PLN 4 million, in their capacity as members of the management board of Integer.pl.

For the year 2020, the individual remuneration received by each member of the Management Board amounted to the following:

- Mr Brzoska: PLN 1.3 million fixed remuneration, PLN 0.8 million variable remuneration.
- Mr Aleksandrowicz: PLN 1.2 million fixed remuneration, PLN 0.7 million variable remuneration.

### ***Supervisory Board Remuneration***

The remuneration policy with respect to the members of the Supervisory Board has been designed to ensure that the Group attracts, retains and appropriately compensates a diverse and highly experienced group of members of the Supervisory Board. The remuneration of the members of the Supervisory Board reflects the time spent and responsibilities of the roles.

The Chairperson will receive an annual fee of EUR 220,000. The other members of the Supervisory Board, excluding Mr Rose and Mr Sen, will each receive an annual fee of EUR 75,000 for their services. The chairperson of each of the Committees will receive an additional annual fee of EUR 25,000.

The fees of each of the members of the Supervisory Board will be paid in cash although the Supervisory Board may decide to pay up to 25% of the annual fee in Shares. The number of Shares to be

issued or allocated to each member of the Supervisory Board as part of his or her remuneration will be calculated based on the average share price on the three working days prior to the delivery of the Shares.

Members of the Supervisory Board are also eligible to receive reimbursement of reasonable expenses incurred undertaking their duties, including any applicable taxes.

#### ***Remuneration of members of the Supervisory Board in the year ended 31 December 2020***

The total aggregate remuneration received by the members of the Supervisory Board in 2020 amounted to PLN 1 million, in their capacity as members of the supervisory board of Integer.pl.

For the year 2020, the individual remuneration received by each member of the Supervisory Board amounted to the following:

- Mr Robertshaw: PLN 0.7 million fixed remuneration, Nil variable remuneration.
- Mr Rose: Nil fixed remuneration, Nil variable remuneration.
- Mr Huep: Nil fixed remuneration, Nil variable remuneration.
- Mr Roth: PLN 0.3 million fixed remuneration, Nil variable remuneration.

#### ***Remuneration of members of the Executive Committee in the year ended 31 December 2020***

The total aggregate remuneration received by the members of the Executive Committee in 2020, amounted to PLN 3.3 million, in their capacity as board members of companies of the Integer Group.

### **Shareholding Information**

#### ***Subco***

Approximately 95.4% of the shares (by number, not by value) in AI Prime will be held, immediately before Settlement, by AI Prime (Luxembourg) Subco S.à r.l. (“**Subco**”), an entity controlled by the funds managed by Advent International Corporation (the “**Advent Funds**”). Mark Robertshaw, Michael Roth and Adam Aleksandrowicz will, immediately before Admission, hold 0.46% of the shares in Subco between them.

#### ***MIP Shares***

Approximately 4.6% of shares (by number, not by value) in AI Prime (the “**MIP Shares**”) are non-voting, form part of the Group’s management incentive plan which has been in place since 2017 and will be, immediately before Admission, held by the Group’s employees, including members of the Group’s senior management team (See “*Selling Shareholders and Related Party Transactions – Related Party Transactions – Other Related Party Transactions*”), as follows:

	Number of MIP Shares	Representing % of total issued and outstanding share capital of AI Prime (by number)	Representing, indirectly, % of total issued and outstanding share capital of the Company (by number)
Rafal Brzoska	214,092	0.9%	0.8%
Adam Aleksandrowicz	142,728	0.6%	0.5%
Mark Robertshaw	242,638	1.0%	0.9%
Mike Roth	35,682	0.2%	0.1%
Damian Niewadomski	71,364	0.3%	0.3%
Dariusz Lipinski	71,364	0.3%	0.3%
Marcin Pulchny	71,364	0.3%	0.3%
Michael Rouse	28,546	0.1%	0.1%
Other managers	205,529	0.9%	0.7%

The percentage holdings set out above are not equal to the percentage of proceeds of any distribution by AI Prime which the holders of MIP Shares are entitled to. A description of such economic entitlement is set out in “*Selling Shareholders and Related Party Transactions*” below.

#### *A&R*

It is envisaged that A&R Investments Limited (“**A&R**”), an entity founded by Rafal Brzoska (see “*Selling Shareholders and Related Party Transactions*” for further detail), will hold, immediately before Admission and Settlement, approximately 12.2% of the share capital of the Company and one share in the share capital of AI Prime. A&R’s percentage holding in AI Prime is not equal to its percentage of the proceeds of any distribution by AI Prime. A description of such economic entitlement (which is calculated pursuant to certain earn-out arrangements between AI Prime, Subco and A&R) is set out in “*Selling Shareholders and Related Party Transactions*” below.

#### **Service Agreements, Employment Agreements and Severance Agreements**

Each Management Board member has entered into a service agreement and except as described below, the service agreements of the Management Board members do not provide for severance payments in the event of termination.

Mr Brzoska and Mr Aleksandrowicz both have formal management agreements with Integer.pl and an agreement for advisory services with another Integer Group company. The agreements provide for similar termination conditions which include a 6-months’ termination notice period and a 12-months’ post-termination non-compete undertaking with a compensation of 50% of the fee payable under each agreement. For the total remuneration received by Mr Brzoska and Mr Aleksandrowicz as from the Settlement Date, see “*Management and Employees – Management Board Remuneration*”.

The members of the Supervisory Board do not have employment, service or severance agreements with the Company.

#### **Board Conflicts of Interest**

Under Luxembourg law and the Articles of Association, any member of the Management Board or the Supervisory Board having directly or indirectly a financial interest (*intérêt de nature patrimoniale*) in a transaction submitted for approval to the Management Board or the Supervisory Board that conflicts with that of the Company shall be obliged to, in case of a conflict in respect of a member of the Management Board, inform the Management Board and the Chairperson of the Supervisory Board, and, in case of a conflict in respect of a member of the Supervisory Board, inform the Supervisory Board, of the conflict and to cause a record of his statement to be included in the minutes of the meeting of the Management Board or the Supervisory Board, as applicable. Such member of the Management Board or the Supervisory Board may not take part in these deliberations and shall abstain from voting on any such transaction. At the next General Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any members of the Management Board or the Supervisory Board may have a financial interest conflicting with that of the Company. These provisions do not apply where the decision of the Management Board or the Supervisory Board relates to transactions entered into under normal conditions in the ordinary course of business.

Where, as a result of conflicts of interest, the number of members of the Management Board required by the Articles of Association to decide and vote on the relevant matter is not reached, the Management Board may decide to refer the decision on that matter to the Supervisory Board. Where, because of conflicts of interest, the number of members of the Supervisory Board required by the Articles of Association to decide and vote on the relevant matter is not reached, the Supervisory Board may decide to refer the decision on that matter to the General Meeting.

#### **Potential Conflicts of Interest and Other Information**

Certain members of the Management Board, the Supervisory Board and the Executive Committee indirectly hold Shares (see “*Management and Employees – Shareholding Information*”). In addition, Nick Rose and Ranjan Sen have been nominated as members of the Supervisory Board by AI Prime, and hold positions within the corporate group of AI Prime. Furthermore, Nick Rose serves as a board member of Hermes UK, a logistics company and a strategic partner of the Group in the UK. The Group is not aware of any other circumstances that may lead to a potential conflict of interest between the private interests or other duties of members of the Management Board, the Supervisory Board or the Executive Committee

*vis-à-vis* the Group's interests. There is no family relationship between any members of the Management Board, the Supervisory Board or the Executive Committee.

With respect to each of the members of the Management Board, the Supervisory Board and the Executive Committee, the Group is not aware of (i) any convictions in relation to fraudulent offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities in which such member held any office, directorship or senior management position in the last five years; or (iii) any official public incriminations or sanctions of such member by statutory or regulatory authorities (including designated professional bodies), or disqualifications by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

### **Directors' Indemnification and Insurance**

The members of the Management Board and Supervisory Board shall not be held personally liable for the indebtedness or other obligations of the Company. As agents of the Company, they are responsible for the performance of their duties. Subject to mandatory provisions of Luxembourg law, every person who is, or has been, a member of the Management Board, the Supervisory Board, the Executive Committee or certain other officers of the Company shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him or her in connection with any claim, action, suit or proceeding in which he or she becomes involved as a party or otherwise by virtue of his or her being or having been such a director or officer and against amounts paid or incurred by him or her in the settlement thereof. The words "claim", "action", "suit" or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal or otherwise including appeals) actual or threatened and the words "liability" and "expenses" shall include without limitation attorneys' fees, costs, judgments, amounts paid in settlement and other liabilities.

No indemnification shall be provided to any member of the Management Board, the Supervisory Board, the Executive Committee or any officer (i) against any liability to the Company or its shareholders by reason of wilful misconduct, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office (ii) with respect to any matter as to which he or she shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company or (iii) in the event of a settlement, unless the settlement has been approved by a court of competent jurisdiction or by the Supervisory Board.

### **Diversity Policy**

The Group has a diversity policy in place, setting out the principles that are applied to the composition of the Management Board and the Supervisory Board. The Group values diversity and recognises the benefits that diversity within the Management Board and the Supervisory Board can bring. For the Group, diversity is not a static concept, but rather a relevant mix of required elements for the Management Board and the Supervisory Board as a whole that evolves with time, based on, among others, the Group's business objectives and future needs. The Group treats diversity of the Management Board and the Supervisory Board as means for improvement and development rather than an end in itself.

### **Employees**

As at 30 September 2020, the Integer Group employed 3,186 people. See "*Business Overview – Employees*".

### **Share and Incentive Plans**

#### ***The long-term incentive plan***

The long-term incentive plan ("**LTIP**") was adopted by the Management Board on 20 January 2021 and the Supervisory Board on 20 January 2021. The LTIP is a discretionary share plan. Under the LTIP, the Supervisory Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees awards of Shares ("**LTIP Awards**"). LTIP Awards may be granted as nil cost awards, and may take the form of options to acquire Shares, conditional rights to acquire Shares or an immediate award of Shares subject to restrictions. Shares to be issued under the LTIP Awards shall be issued by the General Meeting or the Management Board, as the case may be, in accordance with Luxembourg law and the Articles of Association of the Company. Members of the Management Board as well as other employees of the Group are eligible for selection to participate in the LTIP at the discretion of the Supervisory Board.

The maximum value of Shares over which an LTIP Award may be granted in any year to any member of the Management Board will be two hundred per cent of the sum of the annual base salary and the annual bonus earned in the last financial year.

In line with the Dutch Corporate Governance Code and unless the Supervisory Board determines otherwise, the Supervisory Board will grant LTIP Awards subject to a holding period of at least two years following vesting. During this period, sale of the Shares is restricted, although Shares may be sold to cover taxes due as a result of vesting.

The Supervisory Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years. Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Supervisory Board considers it appropriate, provided the Supervisory Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver). The Supervisory Board may also impose other conditions on the vesting of LTIP Awards.

LTIP Awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that the participant remains in employment and any applicable performance conditions have been satisfied. LTIP Awards in the form of options, which have vested will normally remain exercisable for a period determined by the Supervisory Board at grant which shall not exceed 10 years from grant. Participants may receive additional Shares or cash equivalent to dividends that would have been paid during the vesting period on LTIP Award Shares which vest.

Participants who leave the Group may retain some or all of their LTIP Awards in such events as death, disability, retirement with the consent of the Supervisory Board, and other circumstances in which the Selection, Appointment and Remuneration Committee deems the participant to be a good leaver. LTIP Awards may vest early on certain corporate events.

The Supervisory Board may vary the number of Shares under LTIP Awards on variations of the Company's share capital and certain other corporate events. The Supervisory Board may amend the LTIP subject to the approval of the General Meeting where this is required.

#### ***The Deferred Bonus Plan***

The Deferred Bonus Plan (“**DBP**”) was adopted by the Management Board on 20 January 2021 and the Supervisory Board on 20 January 2021. The DBP is a discretionary plan which provides a mechanism for the deferral of part of a participant's bonus into an award over Shares (“**DBP Award**”). DBP Awards may be granted as nil cost awards, and may take the form of options to acquire Shares, conditional rights to acquire Shares or an immediate award of Shares subject to restrictions. Shares to be issued under the DBP Awards shall be issued by the General Meeting or the Management Board, as the case may be, in accordance with Luxembourg law and the Articles of Association of the Company.

Members of the Management Board as well as other employees of the Group are eligible for selection to participate in the DBP at the discretion of the Supervisory Board.

DBP Awards will normally vest on the third anniversary of the date of grant (or such other date or dates as the Supervisory Board may determine on grant). DBP Awards in the form of options which have vested will normally remain exercisable following vesting for the period set by the Supervisory Board not exceeding 10 years from grant. Participants may receive additional Shares or cash equivalent to dividends that would have been paid during the vesting period on DBP Award Shares which vest.

Participants who leave the Group may retain some or all of their BDP Awards in such events as death, disability, retirement with the consent of the Supervisory Board, and other circumstances in which the Selection, Appointment and Remuneration Committee deems the participant to be a good leaver. BDP Awards may vest early on certain corporate events.

The Supervisory Board may vary the number of Shares under DBP Awards on variations of the Company's share capital and certain other corporate events. The Supervisory Board may amend the ADBP subject to the approval of the General Meeting where this is required.

#### ***The Management Share Ownership Plan***

The Management Share Ownership Plan (“**MSOP**”) was adopted by the Management Board on 20 January 2021 and the Supervisory Board on 20 January 2021. The MSOP is a discretionary plan. While all employees except for members of the Management Board are eligible for selection to participate in the



MSOP at the discretion of the Supervisory Board, it is initially envisaged that c.60-70 employees would be invited to participate in the MSOP in any financial year.

Employees selected to participate in the MSOP are invited to buy Shares (“**Purchased Shares**”) and are eligible to be allocated a nil cost award of free Shares (“**MSOP Shares**”) as a ratio of the number of Purchased Shares they acquire. The Supervisory Board may allocate up to a maximum of one MSOP Share for every three Purchased Shares. The maximum cash amount that an employee may request to acquire Purchased Shares in any financial year of the Company will be EUR 300,000. Shares to be issued under the MSOP shall be issued by the General Meeting or the Management Board, as the case may be, in accordance with Luxembourg law and the Articles of Association of the Company.

Awards of MSOP Shares will normally vest on the third anniversary of the date of grant (or such other date or dates as the Supervisory Board may determine on grant) to the extent that the participant remains in employment and has retained the Purchased Shares. Participants may receive additional Shares or cash equivalent to dividends that would have been paid during the vesting period on MSOP Shares which vest.

Participants who leave the Group may retain their some or all of their MSOP Share awards in such events as death, disability, retirement with the consent of the Supervisory Board, and other circumstances in which the Selection, Appointment and Remuneration Committee deems the participant to be a good leaver. MSOP Share awards may vest early on certain corporate events.

The Supervisory Board may vary the number of Shares under MSOP Share awards on variations of the Company’s share capital and certain other corporate events. The Supervisory Board may amend the MSOP subject to the approval of the General Meeting where this is required.

#### ***Adjustments to variable remuneration under the Company’s share and incentive plans***

The variable remuneration of managing directors may be reduced or a managing director may be obliged to repay (part of) their variable remuneration to the company if certain circumstances apply. Any variable remuneration component conditionally awarded to a managing director in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been applied, the Supervisory Board will have the discretionary power to adjust the value downwards or upwards. In addition, the Company may recover from a managing director any variable remuneration awarded on the basis of incorrect financial or other data (claw back). The Supervisory Board may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to the requirements of reasonableness and fairness.

#### **Pension Schemes**

The Group operates a number of defined contribution pension plans. A defined contribution pension plan is a post-employment benefit plan under which the Group pays certain fixed contributions to publicly or privately administered pension insurance plans. Once the fixed contributions have been paid, the Group has no further payment obligations with respect to the plan.



## SELLING SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

The information in this section applies to the Company, unless specified otherwise.

### Selling Shareholders

The business address of AI Prime is 2-4 rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg.

### Holdings immediately prior to and after the Admission and Settlement

The table below sets out the number of Shares the Selling Shareholders and the other shareholders of the Company will hold, including the percentage it represents of the Company's total issued and outstanding share capital, immediately prior to the Admission and Settlement. The shares in AI Prime which are, directly or indirectly, held by management board members, supervisory board members, or senior managers of the Group are set out in "Management and Employees – Shareholding Information".

Shares owned immediately prior to Admission and Settlement and maximum number of Offer Shares to be sold in the Offering, assuming an Offer Price at the mid-point of the Offer Price Range

	Shares owned immediately prior to Admission and Settlement		Maximum number of Offer Shares to be sold in the Offering	
			Without exercise of the Over-Allotment Option	With full exercise of the Over-Allotment Option
	Number	%	Number	Number
AI Prime .....	416,056,820	83.2%	167,908,491	194,158,491
Bidco <sup>3</sup> .....	400,000	0.1%	n/a	n/a
FT .....	12,399,999	2.5%	3,100,000	3,100,000
PZU .....	9,899,983	2.0%	3,991,509	3,991,509
A&R .....	61,243,198	12.2%	n/a	n/a
New public investors .....	n/a	n/a	n/a	n/a
<b>Total</b> .....	<b>500,000,000</b>	<b>100.0%</b>	<b>175,000,000</b>	<b>201,250,000</b>

<sup>3</sup> Bidco is a directly wholly owned subsidiary of AI Prime.

*Shares owned immediately after Admission and Settlement, assuming an Offer Price at the mid-point of the Offer Price Range*

Shares owned immediately after Admission and Settlement				
	Without full exercise of the Over-Allotment Option		With full exercise of the Over-Allotment Option	
	Number	%	Number	%
AI Prime .....	248,148,329	49.6%	221,898,329	44.4%
Bidco <sup>4</sup> .....	400,000	0.1%	400,000	0.1%
FT .....	9,299,999	1.9%	9,299,999	1.9%
PZU .....	5,908,474	1.2%	5,908,474	1.2%
A&R .....	61,243,198	12.2%	61,243,198	12.2%
New public investors .....	175,000,000	35.0%	201,250,000	40.3%
<b>Total</b> .....	<b>500,000,000</b>	<b>100.0%</b>	<b>500,000,000</b>	<b>100.0%</b>

## A&R

A&R is a Maltese private limited company founded by Rafał Brzoska. 99.99% of its shares are held by the Life & Science Foundation, which established and operating under the laws of Principality of Liechtenstein. Rafał Brzoska is the sole founder of the foundation and is one of the persons, from amongst whom the foundation's beneficiaries may be indicated by the foundation council. The foundation's council consists of Dr. iur. Mario Zindel and Vistra Anstalt. The board of directors of Vistra Anstalt is composed of Dr. iur. Mario Zindel, Maria Laura Ferrer, Piedad Delgado de Bauhofer, Bruno Arthur Sidler, Sascha Züger, Martin Eros Elzi, Philipp Marzohl and Barbara Katharina Neuerburg.

## Related Party Transactions

### *Relationship Agreement*

On or about the Publication Date, the Company, A&R and AI Prime entered into a relationship agreement (the “**Relationship Agreement**”), which will become effective on Settlement. The Relationship Agreement contains certain arrangements regarding the relationship between the Company, A&R and AI Prime after the Offering. Below is an overview of the main elements of the Relationship Agreement.

### *Relationship between the Company, A&R and AI Prime*

The Relationship Agreement provides that the Company shall not propose any resolution to its shareholders which would, if passed, remove, restrict or reduce the rights of A&R or AI Prime set out in the Relationship Agreement. AI Prime and A&R have agreed that they undertake that the voting rights on the Shares directly or indirectly held by them shall not be exercised to procure anything, such as an amendment of the Articles or the Board Rules, which would be inconsistent with any of the provisions of the Relationship Agreement.

### *Composition of the Supervisory Board*

The parties have agreed that the Supervisory Board shall consist of a majority of members who shall qualify as “independent” within the meaning of the Dutch Corporate Governance Code, and the chairperson and the vice-chairperson, if any, shall at all times be a member who qualifies as independent. The Supervisory Board will be composed in accordance with the profile drawn up for the members of the Supervisory Board.

As from the Settlement Date, AI Prime shall have the right to propose to the Company two persons to be appointed by the General Meeting as members of the Supervisory Board. AI Prime shall also have the right to propose that any person(s) so proposed be removed from the Supervisory Board by the General Meeting and propose a replacement to be appointed from time to time. Such persons will not need to be independent within the meaning of the Dutch Corporate Governance Code. AI Prime shall only propose persons that meet the profile of the Supervisory Board and consult with the Company as to the identity of

<sup>4</sup> Bidco is a directly wholly owned subsidiary of AI Prime.

the persons to be proposed by AI Prime. Initially, AI Prime has designated Nick Rose and Ranjan Sen as non-independent members of the Supervisory Board.

The nomination right of AI Prime will expire depending on its percentage of shareholding as follows:

- if AI Prime directly or indirectly holds less than 20% of the aggregate Shares in issue, AI Prime has the right to nominate one person for appointment by the General Meeting as Supervisory Board Member; and
- if AI Prime directly or indirectly holds less than 10% of the aggregate Shares in issue, AI Prime shall not have the right to nominate any persons for appointment by the General Meeting as Supervisory Board Member.

Upon the shareholding in the Company of AI Prime falling below these thresholds, AI Prime shall procure the resignation of its member(s) Supervisory Board within ten Business Days after such occurrence, unless the chairperson of the Supervisory Board requests AI Prime before expiry of this period in writing to maintain its member(s) of the Supervisory Board for a certain period and AI Prime consents to such extension.

The Company has agreed that, save as permitted by the Relationship Agreement, it will not exercise any right to terminate the appointment of any member of the Supervisory Board proposed by AI Prime, or serve any notice on any of such members requiring his or her resignation, without the prior written consent of AI Prime.

#### *A&R's nomination right*

With effect from the date that Rafal Brzoska ceases to be CEO of the Group, A&R shall have the right to propose to the Company one person to be appointed by the General Meeting as member of the Supervisory Board. A&R shall also have the right to propose that any person so proposed be removed from the Supervisory Board by the General Meeting and propose a replacement to be appointed from time to time. Such persons will not need to be independent within the meaning of the Dutch Corporate Governance Code. A&R shall only propose persons that meet the profile of the Supervisory Board and consult with the Company as to the identity of the persons to be proposed by A&R.

The nomination right of A&R shall expire if A&R, directly or indirectly, holds less than 10% of the Shares. Upon the shareholding in the Company of A&R falling below this threshold, A&R shall procure the resignation of its member of the Supervisory Board within ten Business Days after such occurrence, unless the chairperson of the Supervisory Board requests A&R before expiry of this period in writing to maintain its member of the Supervisory Board for a certain period and A&R consents to such extension.

#### *Composition of the Committees of the Supervisory Board*

The Relationship Agreement provides that the Supervisory Board will have an audit committee and a selection, appointment and remuneration committee. In addition, the Company and AI Prime have agreed that:

- each of the Committees shall consist of at least three members;
- AI Prime has the right to have one of its proposed members of the Supervisory Board on each Committee as long as AI Prime has the right to propose at least one member to the Supervisory Board pursuant to the Relationship Agreement; and
- The chairperson of the Audit Committee shall be an independent Supervisory Board Member.

#### *Orderly Market Arrangements*

Pursuant to the Relationship Agreement, AI Prime and A&R acknowledge and agree that any transfer by them of any Shares (other than required to complete the Offering and, in the case of AI Prime, pursuant to the enforcement of any share pledge given under the Margin Loan) shall be carried out in an orderly market manner and in a manner otherwise advisable having regard to prevailing market conditions and demand, so as to avoid, to the extent possible, a negative impact on the price of the Shares as a result of such transfer.

Upon written request by AI Prime and/or A&R, the Company undertakes with regard to an offering of Shares by AI Prime (or certain of its affiliates) and/or A&R, which entails the Company's involvement in the form of a management road show and/or the preparation of a prospectus or offering memorandum (a "**Fully Marketed Offering**") relating to 10% or more of the Shares to provide such cooperation and

assistance to AI Prime or such affiliates, A&R and any of their advisers in accordance with market practice, to provide AI Prime (and/or certain of its affiliates) A&R and any of their advisers with such information as may reasonably be requested in connection with the preparation of a Fully Marketed Offering and to a reasonable extent make available members of its senior management, representatives and advisers to participate in due diligence and/or marketing sessions in relation to the Fully Marketed Offering as well as other meetings with AI Prime (and/or its affiliates), A&R and potential investors.

The obligation of the Company to provide the cooperation as set out above is limited to one Fully Marketed Offering per 6 month period and is subject to AI Prime (and/or its affiliates) or A&R, as the case may be, owning directly or indirectly more than 10% of the issued and outstanding share capital of the Company. The Company is also entitled to delay the cooperation and the Fully Marketed Offering for a reasonable blackout period, with a maximum of 30 days after commencement of the blackout period, if the Supervisory Board determines that such cooperation and Fully Marketed Offering could materially interfere with a *bona fide* business or financing transaction of the Company or is reasonably likely to require premature disclosure of information, the premature disclosure of which could materially and adversely affect the Company.

#### *Information sharing*

The Relationship Agreement provides that the Company, to the extent not prohibited by law or regulations including the Market Abuse Regulation, shall provide or procure that AI Prime and/or A&R is promptly provided with all such information in respect of any company of the Group necessary in order for AI Prime and/or A&R respectively to complete any tax return, compilation or filing as required by applicable law, comply with any financial reporting, audit and other legal and regulatory obligations which apply to AI Prime (or any of its affiliates, other than the Group) and/or A&R as required by applicable law or satisfy its accounting, financial control and/or fund or investor reporting requirements. The Company is not obligated to disclose inside information to the extent that such disclosure would violate the Market Abuse Regulation or other applicable law.

The Relationship Agreement contains provisions to the effect that AI Prime is obligated to treat all information provided to it as confidential, subject to certain exceptions as provided for in the Relationship Agreement, and to comply with all applicable laws and regulations to the use of such information, including the requirements under the Market Abuse Regulation.

#### *Termination*

The Relationship Agreement shall terminate with immediate effect upon the earlier of:

- the Settlement Date not having occurred on or before 30 June 2021;
- with respect to AI Prime, AI Prime and its affiliates (excluding the Group) ceasing to own or control, directly or indirectly, more than 5% of the aggregate Shares in the capital of the Company in issue;
- with respect to A&R, A&R ceasing to own or control, directly or indirectly, more than 5% of the aggregate Shares in the capital of the Company in issue;
- a resolution is validly passed by the Shareholders or a binding order is made for the winding-up or dissolution of the Company;
- expiry of a 25 year term;
- mutual written consent of the Parties; or
- written termination by AI Prime after:
  - any Person (other than AI Prime or its affiliates) acquires or obtains Control of the Company;
  - the commencement of any legal proceedings in relation to a suspension of payments or bankruptcy of the Company, unless such proceedings are frivolous or vexatious and are discharged, stayed or dismissed within 60 calendar days of commencement; or
  - the Company makes an arrangement or composition with its creditors generally or making an application to a court of competent jurisdiction for protection from its creditors generally.

In case of termination by AI Prime, the rights and obligations of A&R and the Company in respect of each other related to the nomination right of A&R and Fully Market Offerings shall remain in full force and effect.

#### *Governing Law*

The Relationship Agreement is governed by the laws of the Grand Duchy of Luxembourg.

#### *Marketing Arrangements Letter*

On or around the date of the Relationship Agreement, AI Prime and A&R entered into a marketing arrangements letter to the Relationship Agreement, which will become effective on Settlement. The letter provides that:

- (i) if, following Settlement (and subject to the arrangements described in “*Plan of Distribution – Lock-up Arrangements*”), either of AI Prime or A&R initiates a sale (other than a transfer upon enforcement of any share pledge given by AI Prime under the Margin Loan) of its Shares, the other party will be have the opportunity to participate in such sale on a *pro rata* basis (calculated by reference to all shares held by such party at that time);
- (ii) A&R’s right expires if AI Prime ceases to hold, in aggregate, at least 10% of the Shares, and AI Prime’s right expires if A&R ceases to hold at least 5% of the Shares, provided that, if there is a sell-down as a result of which a party would fall below the relevant threshold, then the other party may still participate on the entire sale, i.e. the co-sale would only be disappplied on a transaction if AI Prime or A&R (as applicable) were already below the applicable threshold before that transaction;
- (iii) if AI Prime sells some (but not all) of its Shares (other than a transfer upon enforcement of any share pledge given by AI Prime under the Margin Loan) before expiry of A&R’s 360 day post-Settlement lock-up, then A&R will have a “catch-up” sale right on AI Prime’s first sale after expiry of that period (i.e. allowing A&R to sell an additional number of Shares equal to the number of Shares it would have been entitled to sell on previous sales by AI Prime had A&R’s lock-up not applied);
- (iv) if a party does not participate in the sale initiated by either AI Prime or A&R as described under (i), and such sale is made within a secondary public offering, it is nonetheless required to agree to a market standard 90 day lock-up with each other and/or the relevant underwriters; and
- (v) if a third party shareholder proposes a shareholder resolution of the Company which the Supervisory Board does not approve, AI Prime and A&R will consult with each other on their response to such resolution.

#### *Other Related Party Transactions*

##### *Shareholding arrangements in AI Prime*

Approximately 95.4% of the shares (by number, not by value) in AI Prime will be held, immediately before Admission, by Subco, an entity controlled by the Advent Funds. Mark Robertshaw, Michael Roth and Adam Aleksandrowicz will, immediately before Admission, hold 0.46% of the shares in Subco between them. In addition, one hundred management shares in AI Prime is held by AI Prime GP S.á r.l., the general partner of AI Prime.

##### *MIP Shares*

Approximately 4.6% of shares (by number, not by value) in AI Prime are non-voting, form part of the Group’s management incentive plan which has been in place since 2017 and will be, immediately before Admission, held by 23 members of the Group’s management team. Approximately 20% of such MIP Shares are held by Rafal Brzoska, approximately 13% by Adam Aleksandrowicz and approximately 22% by Mark Robertshaw. The holding of MIP Shares by other senior managers and directors of the Group is set out in “*Management and Employees – Shareholding Information*”.

These MIP Shares are entitled to any proceeds distributed by AI Prime to its shareholders only after the Advent Funds have received: (i) an amount equal to all equity and debt amounts they have invested (directly or indirectly) in the Group, plus the Advent Funds’ costs in connection with such investment (together, the “**Advent Entry Costs**”); and (ii) an amount equal to 8% per annum on those Advent Entry Costs (compounding annually and accruing over the life of the Advent Funds’ investment) (the “**Hurdle**”).

The MIP Shares' entitlement to proceeds on a distribution (including on or after the Offering) made by AI Prime is as follows:

- if following the distribution, the Advent Funds have realised more than 2x, but less than 8x, of the Advent Entry Costs, then the MIP Shares receive 4.6% of the distributable amounts (net of the Advent Entry Costs and the Hurdle); or
- if following the distribution, the Advent Funds have realised 8x or more of the Advent Entry Costs, then the MIP Shares receive 5.3% of the distributable amounts (net of the Advent Entry Costs and the Hurdle).

The part of the distributable amount allocated to the MIP Shares is further divided between the holders of such shares, on a pro-rata basis.

It is expected that, assuming the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option, the holders of the MIP Shares will be entitled to EUR 159.5 million in respect of such holdings. Certain of such holders owe monies to AI Prime and such amounts will be repaid from, and set off against their proceeds of the Offering.

The MIP Shares are subject to call options and secured through pledge agreements, enabling Subco to acquire certain of a manager's MIP Shares in circumstances where such manager ceases to be employed by, or a director of, the Group. The MIP Shares are non-transferable other than pursuant to such call options and pledge agreements.

#### *Exit Cash Bonus*

Currently, 28 members of key Integer Group staff are covered by an exit cash bonus scheme. The amount of the bonus is 1 to 5 annual base salaries – depending on the relevant threshold of the value of EBITDA of the Integer Group being achieved in the period of 12 months preceding the Offering.

The bonus is to be paid in three tranches which will be paid out as follows: (i) 60% will be paid 30 days following the Offering, (ii) 20% will be paid 12 months following the Offering and (iii) 20% will be paid 24 months following the Offering, provided that the relevant employee is employed with the Integer Group on the date on which the relevant tranche is being paid out. The amounts can be altered if the relevant consultant leaves the Integer Group and is considered a good leaver. The employees entitled to the exit cash bonus have already received 20% of the exit fee as part of the first tranche.

Additionally, each employee entitled to the exit cash bonus is subject to non-compete and non-solicitation undertakings, both during the term of their employment with the Integer Group and for a period of 36 months following termination of their employment. In case of breach by the participant of non-compete or non-solicitation undertakings, the Integer Group will be entitled to withhold and claim back certain payments to the participant under the scheme.

#### *Bonus Scheme*

48 persons regarded as key personnel of the Integer Group are covered by an exit cash bonus scheme implemented in January 2021. The scheme is intended to incentivise the participants to work towards the increase of the Integer Group's EBITDA for the financial years 2020 to 2023. The amount of the bonus for each participant is set as from 1 to 4 times the annual base salary of the participant – depending on the relevant threshold of the value of EBITDA of the Group being achieved in the financial year 2023.

The relevant amount of bonus is to be paid out to each participant in three tranches in 2024 (50% of the bonus), 2025 (25% of the bonus) and 2026 (25% of the bonus), provided that he/she is employed with the Group on the date on which the relevant tranche is being paid out.

Additionally, each participant is subject to non-compete and non-solicitation undertakings, both during the term of their employment with the Integer Group and for a period of thirty-six (36) months following termination of their employment. In consideration for the above undertakings, each participant is entitled to an additional consideration corresponding to 12 times an average monthly gross fixed fee which will be paid out following the Offering under the condition that the relevant EBITDA threshold for 2020 is met. It is expected that the aggregate amount payable under the bonus scheme to all participants following the Offering will amount to PLN 51.0 million. Such estimated cost of the bonus scheme may increase if new participants are invited to join the bonus scheme and/or the salary payable to the participants increases.

In case of breach by the participant of non-compete or non-solicitation undertakings, the Integer Group will be entitled to withhold and claim back certain payments to the participant under the scheme.



### *Dividend policy*

The Company will consider the opportunity to pay a dividend in the medium term while maintaining financial flexibility to invest in its growth both organically and inorganically.

The Company's ability to pay dividend is subject to a number of assumptions, risks and uncertainties, many of which are beyond its control. Please see "*Risk Factors – The Company relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and the Company's ability to pay dividends may be constrained.*" and "*Important Information – Information Regarding Forward-Looking Statements*". Furthermore, the Company's dividend policy is subject to change as the Management Board will revisit its dividend policy from time to time.

### *Effects of the share incentive on the Company's profit for the year from continuing operations*

The IFRS treatment of certain elements of the share incentive scheme (see "*Selling Shareholders and Other Related Party Transactions – Other Related Party Transactions – MIP Shares*" for an overview of the incentive scheme) is expected to have a negative effect on the Group's consolidated profit for the year from continuing operations. Under IFRS 2 share based benefits due to the managing directors or any of the relevant key managers will need to be reflected in the annual accounts of the Group as personnel expenses, irrespective of the fact whether the costs are borne by the Group or not. The cash flow effects of this scheme for the Group will be nil, any net income effect resulting from these personnel expenses is offset in equity. The personnel costs recorded in relation to the MIP shares for the nine months ended 30 September 2020 is PLN 3.1 million.

### *Earn-out*

Immediately before Admission, A&R will hold shares in AI Prime which will entitle A&R to ratchet-based payments pursuant to an earn-out agreement between A&R, Subco and AI Prime, originally entered into in 2017. That earn-out agreement will be revised as part of the Reorganisation and Refinancing Transactions (see steps 9 and 10 thereof) to ensure that the rights to payments under the earn-out after completion of the Reorganisation and Refinancing Transactions and the Offering are the same as those existing before such completion. These payments are structured such that A&R is entitled to a percentage of any proceeds distributable to Subco by AI Prime pursuant to the waterfall set out in AI Prime's articles of association, with such entitlement depending on the level of return the Advent Funds have realised on the Advent Entry Costs. Each earn-out payment is calculated as follows on a distribution by AI Prime (including on the distribution of its net proceeds of the Offering):

- if following the distribution, the Advent Funds have realised more than 4x, but less than 6x, of the Advent Entry Costs, then A&R receives 10% of the amount equal to the difference between: (i) the aggregate proceeds which would have been (but for the operation of the earn-out) distributed to Subco; and (ii) an amount equal to 4x of the Advent Entry Costs (together, the "**First Earn-Out Amount**");
- if following the distribution, the Advent Funds have realised at least 6x, but less than 8x, of the Advent Entry Costs, then A&R receives an amount equal to the aggregate of: (i) the First Earn-Out Amount; plus (ii) 5% of the amount equal to the difference between: (A) the aggregate proceeds which would have been (but for the operation of the earn-out) distributed to Subco; and (B) an amount equal to 6x of the Advent Entry Costs (the aggregate of (i) and (ii) being the "**Second Earn-Out Amount**"); or
- if following the distribution, the Advent Funds have realised at least 8x of the Advent Entry Costs, then A&R receives an amount equal to the aggregate of: (i) the Second Earn-Out Amount; plus (ii) 5% of the amount equal to the difference between: (A) the aggregate proceeds which would have been (but for the operation of the earn-out) distributed to Subco; and (B) an amount equal to 8x of the Advent Entry Costs.

The maximum aggregate payout under the earn-out across all distributions is capped at 20% of the proceeds which would have been (but for the operation of the earn-out) distributed to Subco. The earn-out will not be triggered if there has been a breach of certain material undertakings given by Rafał Brzoska in relation to his shareholding in AI Prime (e.g. non-compete and non-solicitation undertakings and transfer restrictions).

### ***InPost Technology S.à r.l.***

On 22 July 2020, the Integer Group sold its IT development and maintenance business unit to InPost Technology S.à r.l., which entity is not part of the Integer Group, but is a subsidiary of AI Prime (Bidco) S.à r.l., the majority shareholder of Integer.pl. The IT development and maintenance business unit was part of the Integer Group (representing part of the operations of Integer Group Services Sp. z o.o., a subsidiary of Integer.pl) until 22 July 2020. The Integer Group recognised a profit of PLN 1.9 million in connection with this sale, which is recorded under the “*Profit on sales of organised part of an enterprise*” financial line item in its statement of profit or loss and other comprehensive income in the Interim Financial Statements. Until 22 July 2020, the results of the IT development and maintenance business unit were part of the 2017-2019 Financial Statements and the Interim Financial Statements.

The results of the IT development and maintenance business unit for the period from 23 July 2020 until 30 September 2020 are not included in the consolidated results of the Integer Group. However, during the period from 23 July 2020 until 30 September 2020, the Integer Group incurred certain expenses (recognised in the profit and loss statement) and capitalised certain costs arising from transactions with InPost Technology S.à r.l. which amounted to PLN 10.6 million. Conversely, the amount of PLN 10.6 million comprised the total InPost Technology S.à r.l. revenue generated in the period from 23 July 2020 until 30 September 2020. The net profit of InPost Technology S.à r.l. for the period from 23 July 2020 until 30 September 2020 was PLN 0.9 million. These were not presented separately or aggregated due to a lack of materiality.

InPost Technology S.à r.l. was incorporated to consolidate all IT services at a group level. InPost Technology S.à r.l. exclusively provides services to the Integer Group and has no third party customers. Entities of the Integer Group are invoiced by InPost Technology S.à r.l. for IT services rendered based on certain set rates. It is intended that prior to Settlement and in connection with the Reorganisation, InPost Technology S.à r.l. and Integer.pl will become direct subsidiaries of the Company as a result whereof InPost Technology S.à r.l. will become part of the Group and its results will be consolidated in the results of the Group ultimately as from the Settlement Date. See also “*Selling Shareholders and Related Party Transactions – Reorganisation*”.

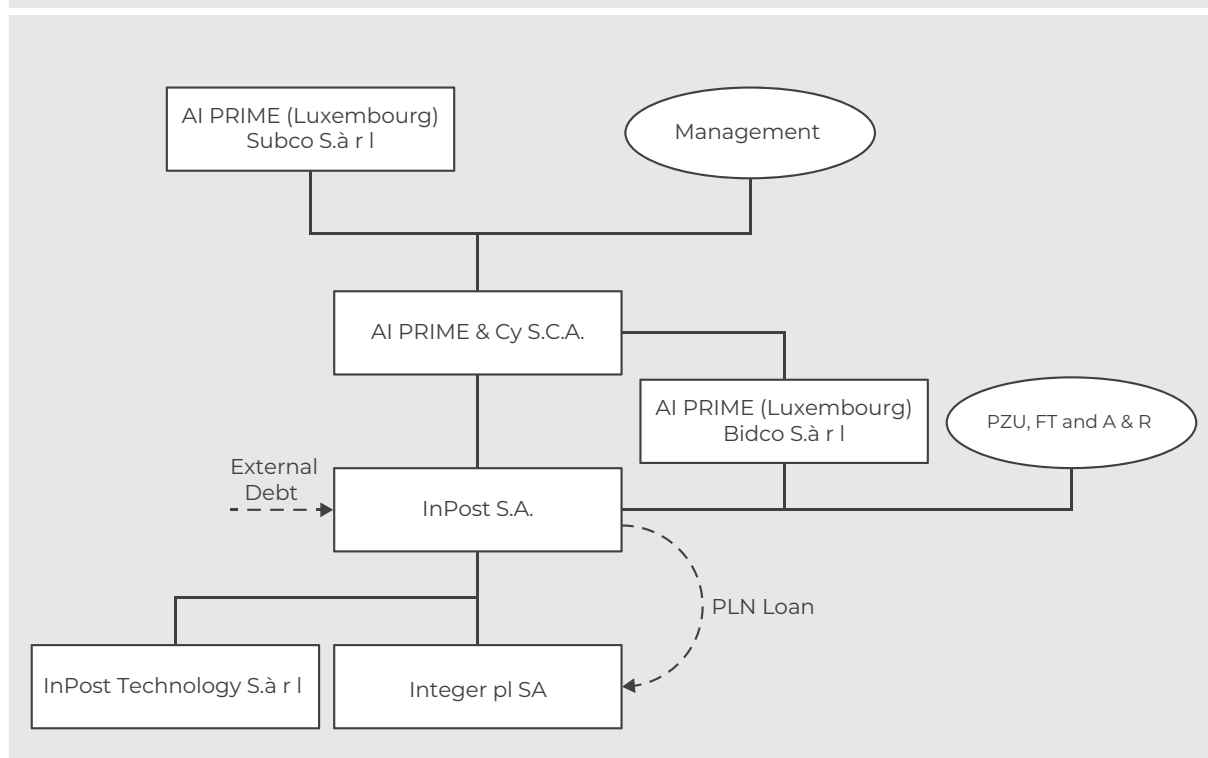
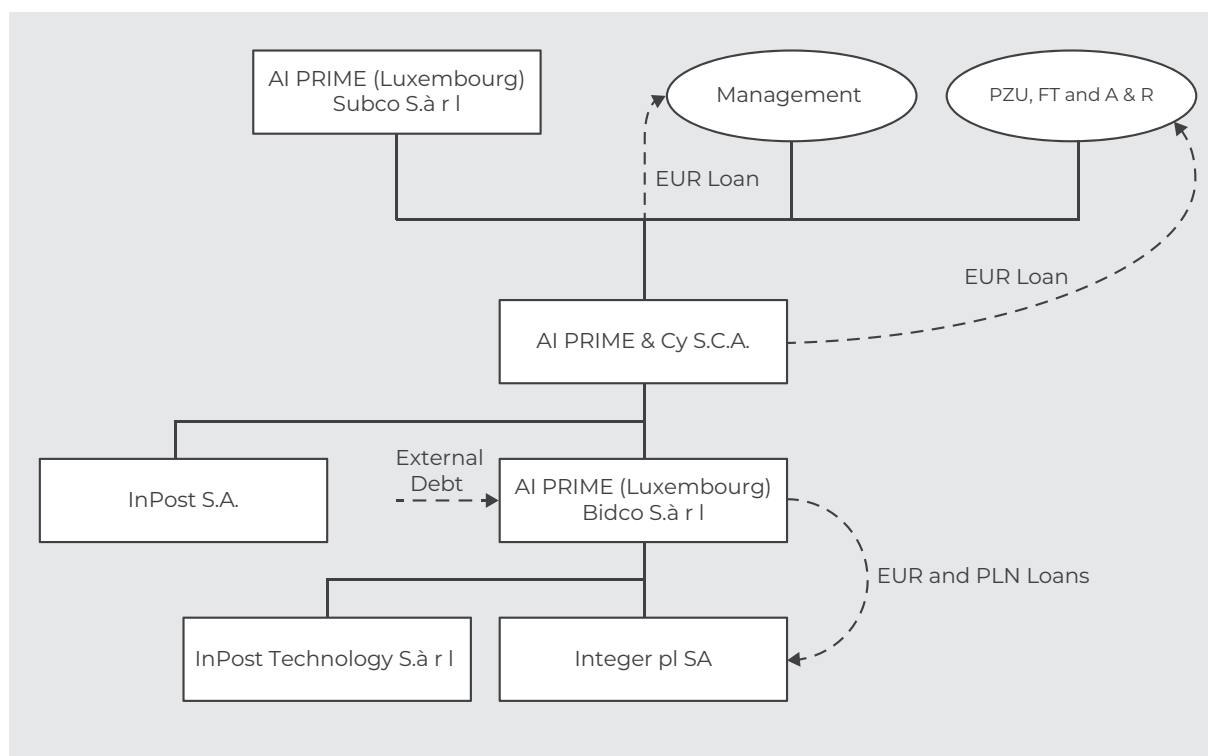
### ***Reorganisation***

The Reorganisation and Refinancing Transactions will be implemented on or around Admission. They will consist of the following steps:

1. The Company acquires the entire issued share capital of Integer.pl and Inpost Technology S.à r.l. from Bidco, which is a subsidiary of AI Prime in exchange for an issue of Shares (the number of which will depend on the final Offer Price) to Bidco.
2. The Company makes a repayment of share premium of approximately EUR 278.5 million to Bidco but leaves the amount outstanding to Bidco as a debt. The entire proceeds of such repayment (after the resulting debt is settled pursuant to step 6 below) will be used by Bidco, together with the funds received pursuant to step 7, to repay part of the debt outstanding under the Existing Senior Facilities Agreement (see step 8 below).
3. Bidco is put into liquidation and distributes to AI Prime the Shares issued by the Company in step 1, save that it will retain, for a period of no more than approximately 12 months following Settlement, Shares with a cost of investment (calculated taking into account the Offer Price) of EUR 6 million, with such remaining Shares being distributed by Bidco to AI Prime following expiry of such period.
4. The Company borrows approximately PLN 1,950.0 million from external lenders (see “*Operating and Financial Review – Indebtedness – Banking Facilities*” for an overview of these borrowings).
5. The Company lends part of the proceeds from step 4 to Integer.pl, in an amount equal to the funds required by Integer.pl to satisfy its repayment obligations under step 7 (less any of its existing cash that Integer.pl uses towards such repayments).
6. The Company repays the c. EUR 278.5 million debt owed to Bidco as a result of step 2. The entire proceeds of such repayment will be used by Bidco, together with the funds received pursuant to step 7, to repay the debt outstanding under the Existing Senior Facilities Agreement (see step 8 below).

7. Integer.pl uses the proceeds from step 5 to settle existing payables of approximately EUR 101.5 million and approximately PLN 226.3 million that it owes to Bidco as at the date of the Reorganisation and Refinancing Transactions (see “*Operating and Financial Review – Indebtedness – Banking Facilities*” for a summary thereof). The entire proceeds of such repayment (after the resulting debt is settled pursuant to step 6 above) will be used by Bidco, together with the funds received pursuant to step 6, to repay the debt outstanding under the Existing Senior Facilities Agreement (see step 8 below).
8. Bidco uses the proceeds resulting from steps 6 and 7 to settle loans of approximately EUR 375.5 million and approximately PLN 226.1 million due, as at the date of the Reorganisation and Refinancing Transactions, to its external lenders under the Existing Senior Facilities (see “*Operating and Financial Review – Indebtedness – Banking Facilities*” for an overview of that Existing Senior Facilities Agreement)
9. AI Prime redeems its shares held by A&R (including the shares it holds to which the earn-out right described in the “*Earn-out*” section above is attached), FT and PZU and in consideration, distributes Shares in an amount reflecting the operation of the waterfall set out in AI Prime’s articles of association as at the point of redemption (i.e. on or around Admission). Any existing loans owed by A&R to AI Prime are set off against payment of the consideration for the redeemed shares.
10. AI Prime issues a new share to A&R, with such new share having rights to distributions under AI Prime’s waterfall which are equivalent to the earn-out right that was attached to certain of A&R’s shares which are redeemed by AI Prime at step 9 (see the earn-out described in the “*Earn-out*” section above).
11. AI Prime cancels the shares redeemed pursuant to step 9 above.
12. Each of A&R, FT and PZU enters into an agreement with AI Prime and its shareholders whereby it agrees to bear its *pro rata* share (calculated as if it had retained its shareholding in AI Prime, rather than completed the redemption set out in step 9) of any payments made on the MIP Shares (see the “*MIP Shares*” section above) on or after Admission.

The charts below set out an abbreviated structure of the Group and its shareholders immediately before the implementation of, and immediately following completion of, the Reorganisation and Refinancing Transactions, respectively.



## DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

*The information in this section applies to the Company, unless specified otherwise.*

### General Information on the Company

The Company was incorporated on 6 November 2020, its legal and commercial name is InPost S.A., it operates under the laws of Luxembourg, it is registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés, Luxembourg*) under number B248669 and its legal entity identifier (LEI) is 2221003M23QLERR89585. The Company's registered address is 2-4 rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg, and its telephone number is +352 266 388 105. The Company's website is [www.inpost.eu](http://www.inpost.eu).

Set out below is an overview of certain information concerning the share capital of the Company and certain significant provisions of Luxembourg corporate law, and a brief overview of certain provisions of the Articles of Association (as they shall read as of the Settlement Date).

This overview does not purport to give a complete overview and should be read in conjunction with the Articles of Association, or with relevant provisions of Luxembourg law and Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available, in English and French, at the Company's registered office in Luxembourg, Grand Duchy of Luxembourg during regular business hours. The Articles of Association are available in English and French on the Company's website [www.inpost.eu/investors/listing-and-offering](http://www.inpost.eu/investors/listing-and-offering). See "*General Information – Available Information*".

### Corporate Objectives

The corporate objectives of the Company are as set out in full in article 3 of the Articles of Association. As the Company is a holding company, the primary corporate objective of the Company is the acquisition, holding, management and disposal of participations and any interests, in Luxembourg or abroad, in any companies and/or enterprises in any form whatsoever. In connection with its corporate objectives the Company may in particular:

- acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity;
- participate in the creation, development, management and control of any company and/or enterprise;
- invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin;
- borrow in any form, issue notes, bonds and any kind of debt and equity securities, lend funds, including funds resulting from any borrowings of the Company and/or from the issue of any equity or debt securities of any kind, to its subsidiaries, affiliated companies and/or any other companies or entities it deems fit;
- guarantee, grant security in favour of or otherwise assist the companies in which it holds a direct or indirect participation or which form part of the same group of companies as the Company, give guarantees, pledge, transfer or encumber or otherwise create security over some or all of its assets to guarantee its own obligations and those of any other company, and generally for its own benefit and that of any other company or person;
- use any techniques and instruments to manage its investments efficiently and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks; and
- carry out any commercial, financial or industrial operation (including, without limitation, transactions with respect to real estate or movable property) which may be useful or necessary to the accomplishment of its purpose or which are directly or indirectly related to its purpose.

### Share Capital

#### *History of Share Capital*

Since the incorporation of the Company and as of the date of this Prospectus, the Company's issued share capital has amounted to €31,000, divided in 3,100,000 Shares of €0.01 each. The Shares have been

created under the laws of Luxembourg. As of the date of this Prospectus, all of the Shares have been fully paid-up and are in registered form.

As described in “*Selling Shareholders and Related Party Transactions – Reorganisation*”, the Company will issue 496,900,000 additional Shares prior to Settlement, which will result in an issued share capital of the Company of €5,000,000, divided in 500,000,000 Shares at a nominal value of €0.01 per Share, on the Settlement Date.

See “*Selling Shareholders and Related Party Transactions – Selling Shareholders*” for an overview of the share capital of the Company.

### ***Authorised Capital***

Without prejudice to the rights of the shareholders of the Company to increase the issued share capital of the Company in accordance with the 1915 Law and the Articles of Association, the Management Board is authorised, subject to approval of the Supervisory Board, for the period having started on the date of publication in the Luxembourg legal gazette (*Recueil Electronique des Sociétés et Associations*, or “**RESA**”) of the notarial deed dated 15 January 2021 recording the resolutions of the General Meeting approving the amendment of the provisions relating to the Authorised Capital (as defined below) and ending on the fifth anniversary of the date of publication of said notarial deed, to increase the issued share capital on one or more occasions by up to an aggregate amount of €100,000,000 with or without the issue of up to 10,000,000,000 new Shares, having a nominal value of €0.01 each and having the same rights as the existing issued Shares (the “**Authorised Capital**”).

In accordance with the Articles of Association, the Management Board is authorised, subject to approval of the Supervisory Board, to determine the conditions of any share capital increase, to set the subscription price, with or without issue premium and to limit or exclude the preferential subscription rights of the shareholders in relation to an increase of capital made within the limits of the Authorised Capital.

In accordance with the Articles of Association, the Management Board is further authorised, subject to approval of the Supervisory Board, to allocate existing Shares or new Shares issued under the Authorised Capital free of charge to officers and employees of the Company and of certain other companies in the Group, subject to pre-determined performance criteria.

The Authorised Capital may be renewed, increased, reduced or revoked by a resolution of the General Meeting adopted in the manner required for an amendment to the Articles of Association, and in respect of a renewal or increase on each occasion for a period not exceeding five years.

### ***Shareholders Register***

The Shares are in registered form and cannot be converted into bearer shares or dematerialised shares. The Shares will be in book-entry form and will be accepted for delivery through the book-entry facilities of Euroclear Nederland. See “*The Offering – Delivery, Clearing and Settlement*”.

The Shares are indivisible and the Company recognises only one owner per Share. A register of Shares is kept at the Company’s registered office and can be examined by any shareholder on request.

For shares as referred to in the Dutch Securities Giro Transactions Act (*Wet giraal effectenverkeer*), including the Shares, which belong to (i) a collective depot as referred to in that Act, of which shares form part, as being kept by an intermediary as referred to in that Act or (ii) a giro depot as referred to in that Act of which shares form part, as being kept by a central institute as referred to in the Act, the name and address of the intermediary or the central institute will be entered in the shareholders register, stating the date on which those Shares became part of such collective depot or giro depot, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each Share. The Company will permit the persons on whose behalf the Shares are recorded in the shareholders’ register in the name of the intermediary or the central institute to exercise the rights attached to the Shares corresponding to their book-entry interests, including admission to and voting at General Meetings.

### ***Issuance of Shares and Pre-Emptive Rights***

The General Meeting or the Management Board, within the limits of the Authorised Capital and subject to approval by the Supervisory Board, may from time to time issue Shares.

The General Meeting may issue Shares by a resolution adopted by the General Meeting in the manner required for the amendment to the Articles of Association and accordingly amend the Articles of Association to reflect the increase of the issued share capital.



Subject to the provisions of the 1915 Law, each shareholder shall have a preferential right of subscription in the event of the issue of new Shares in return for contributions in cash. Such preferential right of subscription shall be proportional to the fraction of the issued share capital represented by the Shares held by each shareholder.

The right to subscribe for Shares may be exercised within a period determined by the Management Board which, unless applicable law provides otherwise, may not be less than 14 days from the publication of the offer in accordance with applicable law. The Management Board may decide (i) that Shares corresponding to preferential subscription rights which remain unexercised at the end of the subscription period may be subscribed for by or placed with such person or persons as determined by the Management Board, or (ii) that such unexercised preferential rights may be exercised in priority in proportion to the issued share capital represented by their Shares, by the existing shareholders who already exercised their rights in full during the preferential subscription period. In each such case, the terms of the subscription by or placement with such person or the subscription terms of the existing shareholders shall be determined by the Management Board.

The preferential subscription right may be limited or excluded by a resolution of the General Meeting in accordance with applicable law.

The Management Board may, subject to approval of the Supervisory Board, increase the share capital by the issue of Shares within the limits of the Authorised Capital and exclude or restrict the preferential subscription rights of the shareholders in relation to such increase. This authorisation is valid for the period having started on the date of publication in the RESA of the notarial deed dated 15 January 2021 recording the resolutions of the General Meeting approving the amendment of provisions relating to the Authorised Capital and ending on the fifth anniversary of the date of publication of said notarial deed in the RESA.

The Authorised Capital may be renewed, increased, reduced or revoked by a resolution of the General Meeting adopted in the manner required for an amendment to the Articles of Association, and in respect of a renewal or increase on each occasion for a period not exceeding five years. See “– *Amendment of the Articles of Association*”.

### ***Transferability of Shares***

There are no restrictions on the free transferability of the Shares.

### ***Repurchase of Shares in the Capital of the Company***

The Company does not currently hold any of its own Shares, nor does a third party on behalf of the Company. The Company has not issued any convertible securities, exchangeable securities or securities with warrants.

According to the 1915 Law and without prejudice to applicable laws on market abuse and to the principle of equal treatment of shareholders, the Company and its subsidiaries as referred to in the 1915 Law may, directly or through a person acting in its own name but on the Company's behalf, acquire its own Shares subject to the following conditions:

- an authorisation to acquire the Shares shall be given by the General Meeting which shall determine the terms and conditions of the proposed acquisition and in particular the maximum number of Shares to be acquired, the duration of the period for which the authorisation is given and which may not exceed five years and, in case of acquisition for value, the maximum and the minimum consideration (this condition must not be respected in case where the acquisition of its own Shares by the Company is necessary in order to prevent serious or imminent harm to the Company, or if the acquisition of its own Shares by the Company is made for the sole purpose of distributing these Shares to the staff of the Company);
- the acquisitions, including Shares previously acquired by the Company and held by it as well as Shares acquired by a person acting in its own name but on behalf of the Company, must not have the effect of reducing the net assets below the aggregate of the issued capital and the reserves which may not be distributed under law or the Articles of Association; and
- only fully paid-up Shares may be included in the transaction.

The Management Board shall ensure that, at the time of each authorised acquisition, the conditions referred to in the second and third bullet are always complied with.

In principle, the Company has no obligation to sell or cancel the Shares so acquired and held by the Company in treasury. According to the 1915 Law, the Company may, under certain circumstances acquire its own Shares without respecting the conditions listed above, but such transaction may never have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law.

Except where such Shares are repurchased pursuant to a decision to reduce the issued share capital of the Company or where such Shares are redeemable shares, such Shares shall either be sold or cancelled after three years as from the date of their acquisition unless the nominal value, or in the absence of nominal value, accounting par value of the Shares acquired, including Shares which the Company may have acquired through a person acting in its own name, but on behalf of the Company, does not exceed 10% of the issued share capital.

The voting rights of Shares held in treasury are suspended and they are not taken into account in the determination of the quorum and majority for General Meetings. The Management Board is authorised to suspend the dividend rights attached to Shares held in treasury.

Subject to the provisions of the 1915 Law, redeemable Shares may be issued on terms that they are to be redeemed at the option of the Company or the holder, and the General Meeting may determine the terms, conditions and manner of redemption of any such Shares.

### ***Reduction of Share Capital***

The issued share capital of the Company may be reduced by a resolution of the General Meeting, subject to compliance with the applicable rules for the amendment of the Articles of Association. See “– *Amendment of the Articles of Association*”.

If the General Meeting resolves to reduce the issued share capital by repaying shareholders or by waiving the shareholders’ obligation to pay up the Shares held by them, creditors whose claims predate the publication in the RESA of the minutes of the General Meeting may, within 30 days from such publication, apply for the constitution of security to the judge presiding the chamber of the local court dealing with commercial matters and sitting as in urgency matters. No repayment may be made or waiver given to the shareholders until the creditors have obtained satisfaction or until the judge presiding the chamber of the local court has dismissed their claims.

### ***Dividends and Other Distributions***

There are no fixed dates on which a shareholder is entitled to receive a dividend. The Company may declare and pay dividends in accordance with the 1915 Law. Dividends may be declared by the General Meeting upon approval of the annual financial statements for the immediately preceding financial year.

Dividends may be declared or paid in cash as well as in kind including by way of issuance of Shares. The amount of a dividend declared by the General Meeting upon approval of the annual financial statements may not exceed the amount of the Company’s unconsolidated profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, less any losses carried forward and sums to be placed in reserve in accordance with the law or the Articles of Association.

The Articles of Association authorise the Management Board, subject to approval of the Supervisory Board, to declare and pay interim dividends out of the available unconsolidated net profits, premium or other available reserves of the Company, subject to complying with the conditions required by the 1915 Law.

The 1915 Law and the Articles of Association provide that from the annual net profits of the Company, annually at least 5% shall be allocated to the Company’s legal reserve (the “**Legal Reserve**”). The allocation to the Legal Reserve will cease to be required as soon and as long as the Legal Reserve amounts to 10% of the issued share capital of the Company. After allocation to the Legal Reserve and upon recommendation of the Management Board, the General Meeting determines how the annual net profits will be disposed of. The General Meeting may decide to allocate the whole or part of the annual net profits to a reserve or to a provision reserve, to carry it forward to the next following financial year or to distribute it to the shareholders as a dividend.

No dividend or other moneys payable on or in respect of a Share shall bear interest required to be paid by the Company. If the Company declares dividends to its shareholders, each shareholder is entitled to receive a dividend in proportion to the amount of its shareholding in the Company. Any dividend unclaimed

after a period of five years from the date on which such dividend was declared or became due for payment shall be forfeited and shall revert to the Company according to article 2277 of the Luxembourg Civil Code. There are no specific dividend restrictions or procedures for non-resident shareholders.

## **General Meetings of Shareholders and Voting Rights**

### ***General Meetings***

As long as the Shares are admitted to trading on a Regulated Market, General Meetings will be convened in accordance with the provisions of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended by the Law of 1 August 2019 implementing EU Directive 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement in listed companies (the “**Luxembourg Shareholder Rights Law**”) and the Articles of Association.

Luxembourg law distinguishes between ordinary General Meetings and extraordinary General Meetings (“**Extraordinary General Meetings**”) of shareholders. Extraordinary General Meetings are convened to vote on any amendment of the Articles of Association and certain other matters described below and are subject to the quorum and majority requirements described below. All other General Meetings are ordinary General Meetings, to be held at least once a year.

Ordinary General Meetings have no quorum requirements and resolutions can be adopted by a simple majority, irrespective of the number of Shares represented.

Extraordinary General Meetings have a quorum requirement of at least 50% of the Company’s issued share capital to which voting rights are attached under the Articles of Association or Luxembourg law, unless otherwise provided by the Articles of Association or mandatorily required by law. If such quorum is not present, a second Extraordinary General Meeting may be convened at a later date with no quorum according to the appropriate notification procedures. Extraordinary resolutions must be adopted at an Extraordinary General Meeting by a two-thirds majority of the votes validly cast on such resolution. Abstentions are not considered votes. Except in case of a merger, a demerger or proceedings assimilated thereto under the 1915 Law, an amendment of the corporate objectives of the Company or its legal form requires in addition the approval by a general meeting of holders of bonds issued by the Company at the majority and quorum provided for by the 1915 Law.

Extraordinary General Meetings are convened to vote on the following matters:

- the exclusion or limitation of preferential subscription rights (to the extent this has not been delegated to the Management Board in respect of any Authorised Capital);
- approving a legal merger or demerger (to the extent required by law);
- the voluntary liquidation of the Company;
- changes to the registered office of the Company to another jurisdiction; or
- an amendment of the Articles of Association, including: (i) an increase or decrease of the Authorised Capital, (ii) an issuance of new Shares and the corresponding increase of the share capital or (iii) a reduction of the share capital.

An Annual General Meeting shall be held once per year to approve among other things the annual financial statements of the Company.

General Meetings may be convened by the Management Board, the Supervisory Board or the statutory auditors of the Company. A General Meeting must also be called upon written request, including an indication of the agenda for such meeting, made to the Management Board by one or more shareholders holding, in aggregate, at least 10% of the voting rights in the General Meeting.

The annual General Meeting shall be held, in accordance with the Law, within six (6) months of the end of each financial year at the address of the registered office of the Company or at such other place in the Grand Duchy of Luxembourg as may be specified in the convening notice of the General Meeting. Other General Meetings may be held at such place and time as may be specified in the respective convening notices of the General Meeting.

The convening notice of the meeting must be published no later than 30 days, or in case of convening a second meeting due to lack of quorum in the first meeting, 17 days (provided that (i) the first meeting was properly convened; and (ii) no new item has been added to the agenda), prior to the date of the

meeting and must include the agenda for the meeting, including the voting items, the place and time of the meeting, the procedure for participating at the meeting by written proxy-holders, the address of the website of the Company and, if applicable, the procedure for participating at the meeting and exercising voting rights by electronic means of communication. Convening notices must be published in the RESA and in a Luxembourg newspaper and will be published on the website of the Company. Furthermore, the convening notice shall be published through financial media channels to ensure effective dissemination throughout the EEA (i.e. in such media which may reasonably be expected to be relied upon for the effective dissemination of information to the public throughout the EEA, and which are accessible rapidly and on a non-discriminatory basis).

Each shareholder is entitled to attend a General Meeting, to address such meeting and, to the extent applicable, to exercise its voting rights. Shareholders may vote by proxy or written voting forms as specified in the convening notice. The notice of the meeting may determine that the voting rights may be exercised by means of electronic communication.

Shareholders may only attend the General Meeting and participate in the voting in respect of Shares which are registered in their name on the record date as specified in the notice of the meeting. The record date is midnight on the day falling 14 days prior to the date of the meeting (the “**Record Date**”). Each shareholder must notify the Company of its intention to participate at the General Meeting, no later than on the date as set out in the notice of the meeting, which shall not be later than the Record Date.

Shareholders individually or jointly representing at least 5% of the issued share capital have the right to request the Management Board to place items on the agenda of the General Meeting and submit draft resolutions for items included or to be included in the agenda. Such request must be received at least 22 days before the relevant General Meeting and be in compliance with the conditions under the 1915 Law and the Articles of Association. The Company shall acknowledge receipt of such requests within 48 hours from receipt.

### ***Voting Rights***

Each Share is entitled to one vote at General Meetings. The Management Board may suspend the voting rights of any shareholder in breach of his/her/its obligations as described in the Articles of Association, its subscription agreement, deed of covenant or any relevant contractual arrangement entered into by such shareholder.

To vote at meetings, shareholders entitled to vote must duly evidence their shareholdings as of the Record Date determined in accordance with the Luxembourg Shareholder Rights Law. A shareholder may act at any General Meeting by appointing another person (who need not be a shareholder) as his, her or its proxy in accordance with the provisions of the Luxembourg Shareholder Rights Law.

### ***Information rights***

In accordance with the Luxembourg Shareholder Rights Law, the convening notice for the General Meeting and any documents that must be submitted to the General Meeting, such as the consolidated financial accounts, any auditor’s reports and any management reports, shall be made available to the shareholders on the Company’s website at least 30 days prior to the date of the General Meeting. Shareholders can obtain a copy of the documents upon request by electronic means or at the registered office of the Company.

In accordance with the Luxembourg Shareholder Rights Law, each shareholder has the right to ask questions at the General Meetings related to items on the agenda. The right to ask questions and the obligation of the Company to answer are subject to the measures taken by the Company to ensure the identification of shareholders, the good order of the General Meeting and its preparation as well as the protection of confidentiality and business interests of the Company.

One or more shareholders representing at least 10% of the share capital or 10% of the votes attached to all existing securities, either individually or by forming a group of any form whatsoever, may ask the Management Board questions in writing on the Company’s management operations or those of other companies which it controls within the meaning of the 1915 Law. In the latter case, the request must be assessed with regard to the interests of the companies included in the consolidation requirements. A copy of the reply must be sent to the person responsible for auditing the accounts. Failing a reply within one month, those shareholders may request the president of the chamber of the Luxembourg district court dealing with commercial matters, ruling as in summary proceedings, to appoint one or more experts to prepare a report on the management operations referred to in the written request. If the request is accepted, the ruling will

determine the experts' powers and the extent of their mission. It may charge the related costs to the Company. The court decides whether the report should be published.

### **Dutch Corporate Governance Code**

The Dutch Corporate Governance Code dated 8 December 2016 became effective on 1 January 2017 (the “**Dutch Corporate Governance Code**”). The Dutch Corporate Governance Code mandatorily applies to companies whose registered offices are in the Netherlands and whose shares, or depositary receipts for shares, have been admitted to trading on a Regulated Market or a comparable system. Even though as a Luxembourg company, the Company is not by law subject to the Dutch Corporate Governance Code, the Company has chosen to voluntarily apply the Dutch Corporate Governance Code. The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange are not applicable to the Company because the Shares will not be listed on the Luxembourg Stock Exchange.

The Dutch Corporate Governance Code is based on a ‘comply or explain’ principle. Accordingly, companies are required to disclose in their management report whether or not they are complying with the various best practice provisions of the Dutch Corporate Governance Code that are addressed to it. If a company deviates from a best practice provision in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report.

The Company acknowledges the importance of good corporate governance. The Company agrees with the general approach and with the majority of the provisions of the Dutch Corporate Governance Code. However, considering the interests of the Group and the interest of its stakeholders, the Company deviates from a limited number of best practice provisions.

The best practice provisions of the Dutch Corporate Governance Code that the Company currently does not comply with are the following:

#### *Best practice provisions 1.3.1-1.3.5 (internal audit function)*

As at the date of this Prospectus, the Company does not comply with best practice provisions 1.3.1 through 1.3.5, regarding the internal audit function. The Company deviates from this best practice provision as it does not have a separate department for the internal audit function. However, the Company intends to set-up an internal audit function over the course of 2021.

#### *Best practice provision 2.1.7 (independence of the supervisory board)*

The Company does not comply with best practice provision 2.1.7, which provides that in order to safeguard its independence, the Supervisory Board should be composed in accordance with the criteria as set out in best practice provisions 2.1.7 and 2.1.8. The Company deviates from best practice provision 2.1.7 (iii) as two of the members of the Supervisory Board are appointed upon nomination of AI Prime.

#### *Best practice provision 2.3.2 (establishment of committees)*

The Company does not comply with best practice provision 2.3.2, which provides that if there are more than four Supervisory Board members, the Supervisory Board shall appoint an audit committee, a remuneration committee and a selection and appointment committee. The Company deviates from this best practice provision as the functions and the responsibilities of the remuneration committee and the selection and appointment committee will be combined in one committee, the Selection, Appointment and Remuneration Committee.

#### *Best practice provision 3.1.2 (remuneration policy)*

The Company does not fully comply with best practice provision 3.1.2, which provides that if Management Board members are awarded remuneration in the form of shares, these shares should be held for at least five years after they are awarded. The Company deviates from this best practice provision as the Company's remuneration policy requires members of the Management Board to hold any shares acquired pursuant to their annual deferred bonus for three years rather than five years after they have been awarded.

#### *Best practice provision 3.3.2 (remuneration of supervisory board members)*

The Company does not comply with best practice provision 3.3.2, which provides that Supervisory Board members may not be awarded remuneration in the form of shares. The Company deviates from this best practice provision as certain of the Supervisory Board members will receive a portion of their annual remuneration in Shares, see “*Management and Employees – Remuneration – Supervisory Board*



*Remuneration*". The remuneration of the Supervisory Board members, including the Share component, is not dependent on the results of the Company or the Group.

*Best practice provision 4.3.3 (cancelling the binding nature of a nomination of dismissal)*

Pursuant to the Articles of Association, AI Prime has a right to nominate candidates for appointment as members of the Supervisory Board. Pursuant to Luxembourg law, if AI Prime, when exercising its nomination right, includes at least two candidates for the position in the proposal for the appointment to the Supervisory Board, the General Meeting has to appoint one of the proposed candidates. In that case, it is not possible under Luxembourg law to set aside the binding nature of the nomination right, which would result in a deviation from best practice provision 4.3.3.

## **Dissolution and Liquidation**

The General Meeting may at any time resolve with or without cause to dissolve and liquidate the Company in the manner required for an amendment to the Articles of Association. See "*– Amendment of the Articles of Association*".

If as a result of a loss, the net assets of the Company are reduced to an amount of less than half of the Company's issued capital, the Management Board must convene an Extraordinary General Meeting within a period not exceeding two months from the time at which the loss was or should have been ascertained by the Management Board. The Management Board must set out the reasons for this situation and justify its proposals in a special report made available to the shareholders at the registered office of the Company at least eight calendar days before the Extraordinary General Meeting. If the Management Board proposes the continuation of the Company's activities, it must set out in the special report the measures which it proposes to implement in order to redress the financial situation of the Company. This special report must be mentioned in the agenda to the Extraordinary General Meeting. At the Extraordinary General Meeting, shareholders will resolve on the possible dissolution of the Company. The quorum is at least half of all the Shares issued and outstanding. In the event the required quorum is not reached at the first Extraordinary General Meeting, a second Extraordinary General Meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of Shares present or represented. A two-thirds majority of the votes cast by the shareholders present or represented is required at any such Extraordinary General Meeting. Where as a result of a loss, the net assets of the Company are reduced to an amount of less than a quarter of its issued capital, the same procedure must be followed, with the exception that the dissolution only requires the approval by 25% of the votes cast at such Extraordinary General Meeting.

In the event of a dissolution of the Company, the liquidation will be carried out by one or more liquidators, who do not need to be shareholders, appointed by a resolution of the General Meeting which will determine their number, powers and remuneration. If the General Meeting fails to appoint a liquidator, the members of the Management Board then in office will, *vis-à-vis* third parties, be deemed to be the liquidators of the Company.

In the event of liquidation of the Company, the net assets remaining after payment of all debts, charges and expenses shall be distributed to the shareholders in proportion to their respective shareholdings.

## **Amendment of the Articles of Association**

Luxembourg law requires an Extraordinary General Meeting to vote on any amendment of the Articles of Association. The agenda of the Extraordinary General Meeting must indicate the proposed amendments to the Articles of Association. See "*– General Meetings of Shareholders and Voting Rights – General Meetings*".

## **Financial Information**

The Company's annual financial statements, the consolidated financial statements, the management report and the auditor's reports must be available for inspection by shareholders on the Company's website or at the registered office of the Company in Luxembourg at least 30 days prior to the date of the Annual General Meeting.

The Company is required to publish its annual accounts within four months after the end of each financial year and its semi-annual accounts within three months after the end of the first six months of each financial year. After approval by the Annual General Meeting, the financial statements and the consolidated



financial statements are filed with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés, Luxembourg*).

### **Public Offer Rules and Obligations of Shareholders to Make a Public Offer**

The European Directive on Takeover Bids (2004/25/EC) (the “**Takeover Directive**”) has been implemented in Luxembourg in the Luxembourg Law of 19 May 2006 on takeover bids (the “**Luxembourg Takeover Law**”) and in Dutch legislation in the Financial Supervision Act and the Public Takeover Bids Decree (the “**Dutch Takeover Decree**”).

Pursuant to the Takeover Directive, the competent authority for a takeover bid is the authority of the EU Member State where the shares of the target company are admitted to trading. The competent authority with respect to a public bid on the Shares will therefore be the AFM.

The consideration offered in the case of a bid for all the remaining shares in a company, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror’s decision to make a bid, the contents of the offer document and the disclosure of the bid, are governed by the laws of the EU Member State of the competent authority. This means that in case of a public bid on the Shares, these subject matters will be governed by Dutch law. However, in matters relating to the information to be provided to the employees of a target company and in matters relating to company law, in particular the percentage of voting rights which confer control and any derogation from the obligation to launch a bid for all the remaining shares in the company, the applicable rules and the competent authority shall be those of the EU Member State in which the target company has its registered office. This means that in case of a public bid on the Shares, these subject matters will be governed by Luxembourg law and are subject to the supervision of the CSSF.

The Luxembourg Takeover Law provides that if a person, acting alone or in concert, acquires shares in a company which, when added to any existing holdings of a company’s shares, result in such person having voting rights representing at least 33<sup>1/3</sup>% of all of the voting rights attached to the issued and outstanding shares in a company, this person is obliged to make a public offer for the remaining shares in the company.

### **Squeeze-out and Sell-out Procedures**

The Luxembourg Takeover Law provides that, when a mandatory or voluntary offer is made to all holders of voting shares in a company and after such offer the offeror holds at least 95% of the capital of that company carrying voting rights and 95% of the voting rights of the company, the offeror may require the holders of the remaining shares to sell those shares to the offeror. The price offered for such shares must be a fair price. The price offered in a voluntary offer would be considered a fair price in the squeeze-out proceedings if 90% of the shares of the company carrying voting rights were acquired in such voluntary offer. The price paid in a mandatory offer is deemed to be a fair price. The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the offer.

The Luxembourg Takeover Law provides that, when a mandatory or voluntary offer is made to all holders of voting shares in a company and if after such offer the offeror (together with any person acting in concert with the offeror) holds shares carrying more than 90% of the voting rights, the remaining shareholders may require that the offeror purchase the remaining shares. The price offered in a voluntary offer would be considered a fair price in the sell-out proceedings if 90% of the shares of the company carrying voting rights were acquired in such voluntary offer. The price paid in a mandatory offer is deemed to be a fair price. The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the offer.

Where the offeree company has issued more than one class of shares, the right of squeeze-out and sell out referred to above can be exercised only in the class in which the relevant threshold has been reached.

Even if there has not been an offer pursuant to the Luxembourg Takeover Law, the Luxembourg law of 21 July 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a Regulated Market or which have been subject to a public offer (the “**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**”) provides that if any individual or legal entity, acting alone or

in concert with another, becomes the direct or indirect holder (otherwise than by way of a voluntary or mandatory takeover bid pursuant to the Luxembourg Takeover Law) of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of a company, (i) such shareholder may require the holders of the remaining shares or other voting securities to sell those remaining securities (the “**Mandatory Squeeze-Out**”); and (ii) the holders of the remaining shares or securities may require such shareholder to purchase those remaining shares or other voting securities (the “**Mandatory Sell-Out**”). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out are subject to further conditions provided for under and must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF. The Luxembourg Mandatory Squeeze-Out and Sell-Out Law does not apply to takeover bids made in accordance with the Takeover Directive until expiry of any deadline laid down for any ensuing rights resulting from such a bid and for a period of six months as from the expiry of such deadline.

## **Obligations of Shareholders to Disclose Holdings**

### ***Transparency Directive***

Luxembourg is the home member state of the Company for the purposes of Directive 2004/109/EC, as amended (the “**Transparency Directive**”). As a result, the Company will be subject to financial and other reporting obligations under the Luxembourg Transparency Law.

Because the Shares will be admitted to trading on a Regulated Market operating in the Netherlands, the Company and its shareholders will also be subject to the disclosure obligations described below. These rules are laid down in the Dutch Financial Supervision Act, which implements the Transparency Directive in the Netherlands.

### ***General***

#### ***Luxembourg***

Shareholders may be subject to notification obligations pursuant to the Luxembourg Transparency Law and the Luxembourg Grand-ducal regulation of 11 January 2008 on transparency requirements for issuers of securities, as amended (the “**Luxembourg Transparency Regulation**”). The following description summarises these obligations. Shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law and Luxembourg Transparency Regulation provide that, once the Shares are admitted to listing and trading on Euronext Amsterdam, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33<sup>1/3</sup>%, 50% and 66<sup>2/3</sup>% (each a “**Relevant Threshold**”) of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below a Relevant Threshold as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent he/she/it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

- voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Company;
- voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his/her/its intention of exercising them;
- voting rights attaching to shares in which that person or entity has the life interest (*usufruit*);

- voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;
- voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;
- voting rights held by a third party in its own name on behalf of that person or entity; and/or
- voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his/her/its discretion in the absence of specific instructions from the shareholders.

The notification requirements set out above also apply to a natural person or legal entity that holds, directly or indirectly (i) financial instruments that, on maturity, give the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to his right to acquire the Shares, to which voting rights are attached, already issued by the Company, or (ii) financial instruments which are not included in point (i) but which are referenced to the Shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying company. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying company.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above: transferable securities, options, futures, swaps, forward rate agreements, contracts for differences and any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to securities and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same company reaching or exceeding a Relevant Threshold.

The notification to the Company and the CSSF must be effected promptly, but not later than four trading days after the date on which the shareholder, or the natural person or legal entity referred to above (i) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect, or (ii) is informed of an event changing the breakdown of voting rights by the Company. Upon receipt of the notification, but not later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted as of the moment the shareholder makes the notification.

Where within the fifteen days preceding the date for which the General Meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should

have been made in accordance with the Luxembourg Transparency Law, the Management Board may postpone the General Meeting for up to four weeks.

#### *The Netherlands*

Shareholders may be subject to notification obligations under the Dutch Financial Supervision Act. Pursuant to chapter 5.3 of the Dutch Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below one of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%. In addition, any person whose capital interest and/or voting rights reaches, exceeds or falls below one of the abovementioned thresholds due to a change in the Company's outstanding share capital or in the votes that can be cast on the Shares, as notified to the AFM by the Company, should notify the AFM no later than on the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital or in the votes that can be cast on the Shares. Furthermore, any person whose capital interest or voting rights reaches, exceeds or falls below one of the abovementioned thresholds due to a change in the composition of his capital interest or voting rights as a result of (i) exercising any option or other right to acquire shares or exchanging shares in depositary receipts for shares; and/or (ii) exercising any right to acquire voting rights, should notify the AFM no later than the fourth trading day after the date on which this person became aware, or should have become aware, of reaching, exceeding or falling below the abovementioned thresholds.

For the purpose of calculating the percentage of capital interest and/or voting rights, the following interests must, among others, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities; (iii) voting rights held (or acquired or disposed of) by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; and (v) shares and/or voting rights which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares and/or the attached voting rights.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares; (ii) such person may be obliged to purchase shares on the basis of an option; or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

The Company is required to notify the AFM promptly of any change of 1% or more in its issued and outstanding share capital or voting rights since the previous notification. The AFM must be notified of other changes in the Company's issued and outstanding share capital or voting rights within eight days after the end of the quarter in which the change occurred. The AFM will publish all notifications provided by the Company of its issued and outstanding share capital and voting rights in a public register.

#### ***Short Positions***

Pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company must report this to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. In relation to the COVID-19 pandemic, ESMA temporarily lowered the reporting threshold. As of 6 October 2020, each person holding a net short position attaining 0.1% of the issued share capital of the Company must report this to the AFM. Each subsequent increase of this position by 0.1% above 0.1% will also have to be reported. This temporary measure applies until 19 March 2021. An extension of the temporary lowering of the notification threshold is possible.

Each net short position equal to 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. There is also an obligation to notify the AFM of gross short positions. The notification thresholds are the same as the ones that apply in respect of the notification of actual or potential capital interests and/ or voting rights, as described above.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes any notification received.

## **Market Abuse Regime**

### ***General***

The rules on preventing market abuse set out in Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“**MAR**”) and the Luxembourg Law of 23 December 2016 on market abuse, as amended (“**Luxembourg Market Abuse Law**”) are applicable to the Company, persons discharging managerial responsibilities within the Company (including the members of the Management Board and Supervisory Board) (the “**PDMRs**”), persons closely associated with PDMRs, other insiders and persons performing or conducting transactions in the Company’s financial instruments. Certain important market abuse rules set out in the MAR and the Luxembourg Market Abuse Law that are relevant for investors are described hereunder.

The Company is required to make inside information public. Pursuant to the MAR, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Unless an exception applies, the Company must without delay publish the inside information by means of a press release and post and maintain it on its website for at least five years. The Company may not combine the disclosure of inside information to the public with the marketing of its activities. The Company must also provide the AFM and the CSSF with its press release that contains inside information at the time of publication.

It is prohibited for any person to make use of inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, as well as an attempt thereto (insider dealing). The use of inside information by cancelling or amending of an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information also constitutes insider dealing. In addition, it is prohibited for any person to disclose inside information to anyone else (except where the disclosure is made in the normal exercise of an employment, profession or duties) or, whilst in possession of inside information, to recommend or induce anyone to acquire or dispose financial instruments to which the information relates. Furthermore, it is prohibited for any person to engage in or attempt to engage in market manipulation, for instance by conducting transactions which gives, or is likely to give, false or misleading signals as to the supply of, the demand for or the price of a financial instrument.

### ***Management***

Pursuant to article 19 of the MAR and the Luxembourg Market Abuse Law, PDMRs must notify the CSSF and the Company of any transactions conducted for his or her own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

A PDMM within the Company shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the Shares or debt instruments of the Company or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which must be made publicly available. The MAR and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: a person who is (i) a member of the administrative, management or supervisory body of that entity, or (ii) a senior executive who is not a member of the bodies referred to in point (i), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.



In addition, pursuant to the MAR and the regulations promulgated thereunder as well as the Luxembourg Market Abuse Law, certain persons who are closely associated with PDMRs, are also required to notify the CSSF and the Company of any transactions conducted for their own account relating to shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The MAR and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children, in accordance with national law; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

The notifications pursuant to the MAR described above must be made to the CSSF and the Company promptly and no later than three business days following the relevant transaction date. The Company must ensure that any information on relevant transactions notified to it is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis. These notifications may be postponed until the moment that the value of the transactions performed for that person's own account reaches or exceeds an amount of €5,000 in the calendar year in question, calculated by adding without netting all relevant transactions relating to the Shares.



## THE OFFERING

### Introduction

The Selling Shareholders are collectively offering and selling up to 175,000,000 Offer Shares. In addition, AI Prime has granted the Stabilisation Agent, on behalf of the Banks, the Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Agent, on behalf of the Banks, may require AI Prime to sell at the Offer Price up to 15.0% of the total number of Offer Shares, to cover short positions resulting from any over-allotments made in connection with the Offering or to facilitate stabilisation transactions.

The Offering is only made in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares may lawfully be made. The distribution of this document and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions. Prospective investors in the Offer Shares should carefully read the restrictions described under “– Notice to Investors” and “Selling and Transfer Restrictions”. The Company and/or the Selling Shareholders are not undertaking an offer to the public in any jurisdiction that requires approval and/or passporting of the prospectus under the Prospectus Regulation.

In connection with the Offering, CGME as the Stabilisation Agent, on behalf of the Banks, may, to the extent permitted by applicable law, over-allot Offer Shares or effect transactions that stabilise or that raise or maintain the market price of the Offer Shares at levels above those which might otherwise prevail in the open market or that prevent or retard a decline in the market price of the Offer Shares. Such stabilisation transactions, if commenced, may be effected on Euronext Amsterdam, in the over-the-counter market or otherwise. The Stabilisation Agent is not required to engage in such stabilisation transactions, and, as such, there is no assurance that such stabilisation transactions will be undertaken. If such stabilisation transactions are undertaken, they may commence as early as the First Trading Date, may be discontinued at any time without prior notice and will end no later than 30 calendar days after the First Trading Date.

The rights of holders of the Offer Shares will rank *pari passu* with each other and all other Shares with respect to voting rights and distribution entitlements.

Assuming no exercise of the Over-Allotment Option, the Offer Shares will constitute 35.0% of the Shares. Assuming the Over-Allotment Option is exercised in full, the Offer Shares and the Over-Allotment Shares will together constitute 40.3% of the Shares.

The Offering consists solely of private placements to certain institutional investors in various jurisdictions exempt from the obligation to approve and passport a prospectus under the Prospectus Regulation. The Offer Shares have not been and will not be registered under the US Securities Act. The Offer Shares are being offered (i) within the United States, to persons reasonably believed to be QIBs as defined in Rule 144A, pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws; and (ii) outside the United States, in accordance with Regulation S. The Company is not undertaking an offer to the public in any jurisdiction.

### Timetable

Event	Time and Date
Start of Offer Period	9.00 CET on 21 January 2021
End of Offer Period	14.00 CET on 28 January 2021
Pricing and allocation	29 January 2021
Publication of results of the Offering	29 January 2021
First Trading Date (trading on an “as-if-and-when-issued/delivered” basis) and Admission	29 January 2021
Settlement Date (payment and delivery)	2 February 2021

Please note that the Company and the Selling Shareholders, together with the Joint Global Coordinators, reserve the right to accelerate or extend the Offer Period. See “– Acceleration or Extension” below.

## Offer Price Range

The Offer Price Range is an indicative price range. The Offer Price and the exact number of Offer Shares offered in the Offering will be determined by AI Prime, in consultation with the Joint Global Coordinators (as defined below) after the end of the offer period for the Offering (the “**Offer Period**”) on the basis of the bookbuilding process and after taking into account the conditions described under “*The Offering*”. The Offer Period is expected to commence on 21 January 2021 at 9.00 Central European Time (“**CET**”), and is expected to end on 14.00 CET at 28 January 2021, subject to acceleration or extension of the timetable for the Offering. The Company and the Selling Shareholders, in consultation with the Joint Global Coordinators (as defined below), reserve the right to increase or decrease the maximum number of Offer Shares and/or to change the Offer Price Range prior to allocation of the Offer Shares (“**Allocation**”). Any change in the number of Offer Shares and/or the Offer Price Range will be announced through a press release on the Company’s website, which will be filed with the CSSF. The Joint Global Coordinators (on behalf of the Banks (as defined below)) may, after having obtained the approval of the Company and the Selling Shareholders, decide to extend the Offer Period. The Pricing Statement will be filed with the CSSF and published through a press release on the Company’s website.

## Settlement

Subject to acceleration or extension of the timetable for the Offering, Settlement is expected to take place on 2 February 2021, the Settlement Date. If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam will be annulled. Any dealings in Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholders, the Banks, the Listing and Paying Agent and Euronext Amsterdam N.V. do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Shares.

## Offer Period

Subject to acceleration or extension of the timetable for the Offering, prospective investors may subscribe for Offer Shares during the period commencing on 21 January 2021 at 9.00 CET and end on 28 January 2021 at 14.00 CET. The Offer Period may be accelerated or extended separately. See “– *Acceleration or Extension*” below. In the event of an acceleration or extension of the Offer Period, pricing, allocation, Admission and first trading of the Offer Shares, as well as payment (in Euros) for and delivery of the Offer Shares may be advanced or extended accordingly.

## Acceleration or Extension

The Joint Global Coordinators (on behalf of the Banks) may, after having obtained the approval of the Company and the Selling Shareholders, decide to extend the Offer Period. Any extension of the timetable for the Offering will be published through a press release on the Company’s website at least three hours before the end of the original Offer Period, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the Offering will be published through a press release on the Company’s website at least three hours before the proposed end of the accelerated Offer Period. Any other material alterations to the dates, times and periods given in the timetable and throughout this Prospectus will also be published through a press release on the Company’s website.

## Offer Price and Number of Offer Shares

The Offer Price and the exact number of Offer Shares will be determined on the basis of a book-building process. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is between €14.0 and €16.0 (inclusive) per Offer Share. The Offer Price Range is an indicative price range. The Offer Price and the exact number of Offer Shares offered in the Offering will be determined after the Offer Period has ended by AI Prime, in consultation with the Joint Global Coordinators, taking into account market conditions and other factors, including:

- the Offer Price Range;
- a qualitative assessment of demand for the Offer Shares;
- the financial information of the Group;

- the Group's history and prospects and the industry in which it competes;
- an assessment of the Group's management, its past and present operations and prospects for, and timing of, its future revenue;
- the present state of the Group's development;
- the above factors in relation to the market valuation of companies engaged in activities similar to those of the Group;
- the economic and market conditions, including those in the debt and equity markets; and
- any other factors deemed appropriate.

The Offer Price and the exact number of Offer Shares offered in the Offering will be set out in the Pricing Statement that will be filed with the CSSF and published through a press release that will be posted on the Company's website. Printed copies of the Pricing Statement will be made available at the Company's registered office address.

### **Change of the Offer Price Range or Number of Offer Shares**

The Offer Price Range is an indicative price range. The Company and the Selling Shareholders, in joint consultation with the Joint Global Coordinators, reserve the right to increase or decrease the maximum number of Offer Shares and/or to change the Offer Price Range before the end of the Offer Period. Any change in the number of Offer Shares and/or the Offer Price Range will be announced through a press release on the Company's website, which will be filed with the CSSF.

Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-Allotment Shares should be read as referring to the amended number of Over-Allotment Shares.

### **Subscription and Allocation**

Allocation of the Offer Shares is expected to take place on the day after the closing of the Offer Period, expected to be on 29 January 2021. Allocations to investors who subscribed for Offer Shares will be made on a systematic basis, and AI Prime will, after consultation with the Joint Global Coordinators, exercise full discretion as to whether or not and how to allocate the Offer Shares subscribed for. Investors may not be allocated all or any of the Offer Shares which they subscribed for. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe, and multiple subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they subscribed for. The Company and the Selling Shareholders may, in consultation with the Joint Global Coordinators, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. On the day that allocation occurs, the Joint Global Coordinators, on behalf of the Banks, will notify the investors of any allocation of Offer Shares made to them.

Investors participating in the Offering will be deemed to have checked and confirmed that they meet the selling and transfer restrictions described in "*Selling and Transfer Restrictions*". Each investor should consult its own advisers as to the legal, tax, business, financial and related aspects of a subscription for Offer Shares.

### **Listing and Trading**

Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all the Shares to trading on Euronext Amsterdam under the symbol "INPST". The International Security Identification Number ("ISIN") is LU2290522684 and the common code is 229052268.

Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Shares on Euronext Amsterdam is expected to commence on the First Trading Date. Trading in the Offer Shares before the closing of the Offering will take place on an 'as-if-and-when-issued/delivered' basis.

### **Cornerstone Investors**

On 12 January 2021, in connection with the Offering, the Company and AI Prime entered into investment agreements with certain funds and accounts under the management of BlackRock ("**BlackRock**"), funds managed and advised by Capital World Investors ("**Capital World Investors**") and GIC Pte Ltd

(“GIC”) (the “**Cornerstone Investors**”) who have agreed, subject to customary conditions, to acquire Offer Shares at the Offer Price (the “**Cornerstone Investment Agreements**”). In aggregate, the Cornerstone Investors have committed €1,030.6 million for the acquisition of Offer Shares, with BlackRock having committed €430.6 million and Capital World Investors and GIC having committed €300 million.

Based on an Offer Price at the mid-point of the Offer Price Range, the total number of Offer Shares acquired by the Cornerstone Investors would be approximately 68,706,667 Offer Shares, which represent approximately 39.3% of the Offer Shares, assuming that the Over-allotment Option is not exercised.

Based on an Offer Price at the mid-point of the Offer Price Range, the total number of Offer Shares acquired by BlackRock would be approximately 28,706,667 Offer Shares, which represent approximately 16.4% of the Offer Shares, assuming that the Over-allotment Option is not exercised.

Based on an Offer Price at the mid-point of the Offer Price Range, the total number of Offer Shares acquired by Capital World Investors would be approximately 20,000,000 Offer Shares, which represent approximately 11.4% of the Offer Shares, assuming that the Over-allotment Option is not exercised.

Based on an Offer Price at the mid-point of the Offer Price Range, the total number of Offer Shares acquired by GIC would be approximately 20,000,000 Offer Shares, which represent approximately 11.4% of the Offer Shares, assuming that the Over-allotment Option is not exercised.

Each Cornerstone Investment Agreement contains, amongst others, the following provisions: the obligation of AI Prime to deliver, and the obligation of the Cornerstone Investor to acquire and pay for, the Offer Shares pursuant to the relevant Cornerstone Investment Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include:

- (i) the Underwriting Agreement has become unconditional in accordance with its terms;
- (ii) the Listing is completed such that the first day of unconditional trading in the Company’s shares on Euronext Amsterdam occurs not later than on 12 February 2021;
- (iii) the total equity value of the Company is not higher than EUR 8 billion, where “total equity value” means the Offer Price multiplied with the number of Shares in issue immediately following Admission and Settlement; and
- (iv) the Cornerstone Investor receives full allocation of its commitment.

Subject to fulfilment of the above conditions, each Cornerstone Investor undertakes to make a payment to the Joint Global Coordinators corresponding to the Offer Price for the Offer Shares multiplied with the number of Offer Shares allocated to each Cornerstone Investor under its commitment, in accordance with the terms and conditions for Settlement as set out in this Prospectus.

The Shares sold to the Cornerstone Investors are not being underwritten.

### **Delivery, Clearing and Settlement**

Application has been made for the Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares is expected to take place on the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment (in Euros) for the Offer Shares in immediately available funds.

Subject to acceleration or extension of the timetable for the Offering, the Settlement Date is expected to be on or about 2 February 2021, the second business day following the allocations of the Offer Shares. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. See “*Plan of Distribution – Underwriting Agreement*”.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam will be annulled. Any dealings in Offer Shares prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Selling Shareholders, the Banks, the Listing and Paying Agent nor Euronext Amsterdam N.V. accepts any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer Shares on Euronext Amsterdam.

## **Payment**

Payment for the Offer Shares is expected to occur on or about the Settlement Date. The Offer Price must be paid in full in Euro and is exclusive of any taxes and expenses, if any, which must be borne by the investor. No expenses will be charged to investors by the Company or the Selling Shareholders. For more information on taxes, see “*Taxation*”. The Offer Price must be paid by the investors in cash upon remittance of their subscription or, alternatively, by authorising their financial intermediary to debit their bank account with such amount on or about the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, first trading and payment and delivery).

## **Other**

### ***Voting Rights***

Each Share confers the right to cast one vote in the General Meeting, see “*Description of Share Capital and Corporate Governance – General Meetings of Shareholders and Voting Rights*”. All shareholders have the same voting rights.

### ***Ranking and Dividends***

The Offer Shares will: (i) rank *pari passu* in all respects with all other then-outstanding Shares; and (ii) be eligible for any dividends which the Company may declare on its Shares. See “*Description of Share Capital and Corporate Governance*” and “*Dividends and Dividend Policy*”.

### ***Joint Global Coordinators***

CGME, Goldman Sachs, and J.P. Morgan are acting as joint global coordinators for the Offering.

### ***Joint Bookrunners***

The Joint Global Coordinators together with ABN AMRO, Barclays, BNP Paribas and Jefferies are acting as joint bookrunners for the Offering.

### ***Co-Bookrunners***

DMBH, ING and Pekao are acting as Co-Bookrunners for the Offering.

### ***Listing and Paying Agent***

ABN AMRO is the Listing and Paying Agent with respect to the Offer Shares on Euronext Amsterdam.

### ***Stabilisation Agent***

CGME is the stabilisation agent with respect to the Offer Shares on Euronext Amsterdam.

### ***Fees and Expenses of the Offering and Listing***

The expenses related to the Offering (including in relation to the repayment of the Existing Senior Facilities and entry into the New Facilities) consist of the fees for the Banks, the fees due to the CSSF and Euronext Amsterdam N.V., as well as legal and administrative expenses, financial adviser fees, publication costs and applicable taxes, if any. The Company estimates that the part of the expenses related to the Offering that will be borne by it are approximately PLN 20.3 million.



## PLAN OF DISTRIBUTION

### Underwriting Agreement

The Company, the Selling Shareholders and the Banks entered into the Underwriting Agreement.

Under the terms of and subject to the conditions set forth in the Underwriting Agreement and the pricing agreement to be signed in connection with the Offering (the “**Pricing Agreement**”), the Banks will severally agree to procure purchasers for or, failing which, to the Underwriters to purchase themselves such number of Offer Shares (excluding the Shares agreed to be purchased by the Cornerstone Investors) as set forth in the Pricing Statement, and the Selling Shareholders will agree to sell such number of Shares as set forth in the Pricing Statement and, in case of AI Prime only, upon exercise of the Over-Allotment Option, Over-Allotment Shares to the Stabilisation Agent. The proportion of total Offer Shares which each Underwriter may severally be required to purchase is indicated below.

<b>Bank</b>	<b>Percentage of Total Offer Shares</b>
Citi .....	31.75%
Goldman Sachs Bank Europe SE .....	21.75%
J.P. Morgan A.G. ....	16.5%
ABN AMRO Bank N.V. ....	5.75%
Barclays Bank Ireland PLC.....	7.5%
BNP PARIBAS.....	5.75%
Jefferies .....	7.5%
Bank Pekao .....	2.5%
ING Bank N.V.....	1%
<b>Total</b> .....	<b>100.00%</b>

The Shares sold to the Cornerstone Investors are not being underwritten.

The Underwriting Agreement provides that the obligations of the Banks to use their respective reasonable endeavours to procure purchasers for or, failing which, for the Underwriters to purchase themselves (on a several and not a joint or joint and several basis) the number of Offer Shares (excluding the Shares agreed to be purchased by the Cornerstone Investors) set forth in the Pricing Statement, are subject to certain customary closing conditions including: (i) the issuance of customary legal opinions by the Company’s and Underwriters’ respective counsel; (ii) the issuance of customary legal opinions by the Selling Shareholders’ respective counsel; (iii) the issuance of 10b-5 disclosure letters and no registration opinions by the Company’s and Underwriters’ respective U.S. counsel and the issuance of a 40 Act opinion and US tax opinion from the Company’s U.S. counsel; (iv) standard officers’ certificates; (v) there having occurred no material adverse change in relation to the Company or Group from the date of the Underwriting Agreement which makes it, in the judgement of the Joint Global Coordinators (acting jointly and in good faith), impracticable or inadvisable to proceed with the Offering; (vi) execution of the Pricing Agreement; and (vii) satisfactory completion of all other documentation relating to the Offering.

In consideration of the agreement by the Banks to use their respective reasonable endeavours to procure purchasers for or, failing which, for the Underwriters to purchase themselves the number of Offer Shares (excluding the Shares agreed to be purchased by the Cornerstone Investors) set forth in the Pricing Statement at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholders have agreed to pay to the Banks a commission of 1.5% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Over-Allotment Shares and the cornerstone shares). In addition, the Underwriting Agreement provides that the Selling Shareholders may, at AI Prime’s sole discretion, pay a discretionary commission of up to 0.75% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Over-Allotment Shares and the cornerstone shares) (the “**Discretionary Fee**”). Any Offer Shares sold the Sunley House funds (affiliated with AI Prime) will not be included within the calculation of any such fees. The decision by AI Prime whether to pay the Discretionary Fee will be determined by it in its sole discretion on the basis of, among other things, its perception of each Bank’s performance during the preparation for and execution of the



Offering, and will occur not later than on the date falling 30 days after the Settlement Date. Certain costs and expenses incurred by the Banks in connection with the Offering will be reimbursed by the Selling Shareholders and the Company. The Underwriting Agreement provides that the Company will indemnify the Banks against certain losses and liabilities arising out of or in connection with the Offering, including liabilities under the US Securities Act and losses and liabilities based upon any actual or alleged breach by the Company of any of its obligations under the Underwriting Agreement. The Underwriting agreement provides that the Selling Shareholders will indemnify the Banks against certain losses and liabilities arising out of or in connection with the Offering, including losses and liabilities based upon any actual or alleged breach by them of any of the representations, warranties or undertakings given by them in the Underwriting Agreement. See also “*Reasons for the Offering and Use of Proceeds*” and “*The Offering – Other – Fees and Expenses of the Offering and Listing*”.

The Underwriting Agreement contains standard termination provisions, pursuant to which, until the Settlement Date, the Joint Global Coordinators, acting jointly on behalf of the Banks, may elect to terminate their several commitments under the Underwriting Agreement in the event of, among others: (i) customary force majeure, including any material adverse change in financial markets, provided that the related event makes it, in the judgement of the Joint Global Coordinators (acting in good faith), impracticable or inadvisable to proceed with the Offering; (ii) the representations and warranties not being true and accurate or any breach of any undertaking, provided that such breach, in the judgement of the Joint Global Coordinators, acting in good faith, and after consultation with the Company and AI Prime to the extent reasonably practicable, is material in the context of the Offering; (iii) the publication by the Company of a supplementary prospectus which the Joint Global Coordinators determine, acting in good faith, and after consultation with the Company and AI Prime to the extent reasonably practicable, to be material and adverse in the context of the Offering; (iv) inaccuracy in or omission from the Prospectus or any other offering document which the Joint Global Coordinators determine, acting in good faith, and after consultation with the Company and AI Prime to the extent reasonably practicable, are material and adverse in the context of the Offering; (v) material adverse change in the Company or the Group provided that the relevant change makes it, in the judgement of the Joint Global Coordinators (acting in good faith), impracticable or inadvisable to proceed with the Offering; and (vi) rejection or withdrawal of application for the Admission.

The termination rights may only be exercised jointly by the Joint Global Coordinators in good faith after consultation with the Company and AI Prime if reasonably practicable in the circumstances.

The Offering consists solely of private placements to certain institutional investors in various other jurisdictions. The Offer Shares are being offered: (i) within the US to persons reasonably believed to be QIBs as defined in Rule 144A under the US Securities Act, pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and applicable state and other securities laws of the US; and (ii) outside the US, where all offers and sales of the Offer Shares will be made in compliance with Regulation S. The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the US, and may not be offered or sold within the US unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. Prospective purchasers are hereby notified that the Company and the Selling Shareholders are relying on an exemption from the registration requirements of Section 5 of the US Securities Act, which may include Rule 144A or Regulation S thereunder.

Any offer or sale of Offer Shares in the United States in reliance on Rule 144A under the US Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, will be made by broker-dealers who are registered as such under the US Exchange Act. Citi, Goldman Sachs, J.P. Morgan, ABN AMRO, Barclays, BNP Paribas, Jefferies, Bank Pekao, DMBH, ING and Pekao Investment Banking are not registered broker-dealers in the United States, and therefore, to the extent that any of them intend to effect any offers or sales of Offer Shares in the United States, they will do so through one or more U.S. registered broker-dealers pursuant to applicable US securities laws.

The Group is not aware that any of its major shareholders or members of the Management Board or Supervisory Board intend to subscribe for Shares in the Offering, provided that funds affiliated with the Major Shareholders may in the ordinary course of their business subscribe for Shares in the Offering.

## Potential Conflicts of Interest

The Banks are acting exclusively for the Company and the Selling Shareholders (in their selling capacity) and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Company and/or the Selling Shareholders for giving advice in relation to the Offering and for the listing and trading of the Shares and/or any other transaction or arrangement referred to in this Prospectus.

Certain of the Banks and/or their respective affiliates have in the past engaged and may in the future, from time to time, engage in commercial banking, investment banking, financial advisory, risk management, hedging or other financial services and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, including the provision of loans and/or other debt instruments and risk management products, in respect of which the Banks have received and may in the future receive customary fees and commissions. The Banks may also provide risk management products to the Company and/or the Selling Shareholders or any parties related to any of them in connection with the Offering for which it could earn a profit, contingent on the closing of the Offering (and such profit may potentially be significantly in excess of the fees earned by the Bank for its services acting as Joint Global Coordinator, Joint Bookrunner or Co-Bookrunner in connection with the Offering). The Banks or their related parties may also acquire financial instruments issued by the Company, the Selling Shareholders, their related parties or financial instruments related to the financial instruments issued by any of the above entities.

Barclays, BNP Paribas, CGME, Goldman Sachs, J.P. Morgan, ING and Bank Pekao (in each case directly, or through an affiliate) intend to enter into a commitment letter on or around the date hereof, to act as lenders to the Company under the New Facilities as described in “*Operating and Financial Review – Indebtedness – Banking Facilities*”, in respect of which they may in the future receive fees and commissions.

Barclays, BNP Paribas, Goldman Sachs and J.P. Morgan (in each case directly, or through an affiliate) may enter into financing documentation to act as ML Lenders under the Margin Loan as described in “*Operating and Financial Review – Indebtedness – Margin loan*”, in respect of which they may in the future receive fees and commissions. Pursuant to such potential Margin Loan, AI Prime would grant a security interest to the ML Lenders over substantially all of the Shares held by AI Prime as at the First Trading Date, subject to any exclusions from the requirement to pledge Shares as agreed with the ML Lenders. In case of a default of AI Prime under such facility, the ML Lenders would be in a position to enforce their security interest over such Shares, which may therefore result in a disposal or sale of Shares by the ML Lenders. In addition, should the market price of the Shares decrease, the ML Lenders might carry out hedging transactions in order to cover financial risk relating to the pledged shares.

Additionally, the Banks and/or their respective affiliates may have held and may in the future hold, in the ordinary course of their business, the Company’s securities for investment purposes. As a result, these parties may have interests that may not be aligned, or could possibly conflict with, the interests of investors. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations. As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the interests of the Group.

In connection with the Offering, each of the Banks and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering.

Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Banks or any of their respective affiliates acting in such capacity. None of the Banks intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition, certain of the Banks or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

As a result of acting in the capacities described above, the Banks may have interests that may not be aligned, or could potentially conflict, with investors’ and the Group’s interests.

## Lock-up Arrangements

Pursuant to the Underwriting Agreement, the Company has agreed with the Banks that from the date of the Underwriting Agreement until 180 days after the Settlement Date, except as set forth below, without the prior written consent of the Joint Global Coordinators acting on behalf of the Banks (such consent not to be unreasonably withheld or delayed), neither it nor any member of its group will, directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or other equity securities of the Company, or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of (a) the issue of Shares pursuant to the reorganisation described under the heading “*Selling Shareholders and Related Party Transactions – Reorganisation*” of this Prospectus; or (b) the issue of Shares pursuant to the grant, vesting or exercise of options or awards under share option schemes under the heading “*Share and Incentive Plans*” of this Prospectus.

Pursuant to the Underwriting Agreement, the Selling Shareholders have agreed with the Banks that from the date of the Underwriting Agreement until 180 days after the Settlement Date, they will not, except as set forth below, without the prior written consent of the Joint Global Coordinators acting on behalf of the Banks (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or other equity securities of the Company, or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than pursuant to the Offering, in the manner described in the Prospectus (the “**Selling Shareholders’ Lock-Up Period**”).

Save that the above restrictions shall not prohibit a Selling Shareholder from:

- (a) (i) an acceptance of a general offer for the ordinary share capital of the Company made in accordance with the Luxembourg Takeover Law; or (ii) the provision of an irrevocable undertaking to accept such offer; or (iii) a sale of Shares to an offeror or potential offeror during an acceptance period (within the meaning of the Luxembourg Takeover Law);
- (b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein) as is referred to in sub paragraph (a) above;
- (c) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;
- (d) transferring or disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its shareholders or any class of them which is agreed to by the creditors or shareholders;
- (e) taking up any Shares or other rights granted in respect of a rights issue or other pre-emptive share offering by the Company;
- (f) transferring Shares to any connected person (as defined in the UK Companies Act 2006) of the Selling Shareholder;
- (g) in respect of AI Prime, the granting of any security, pledges or charges (a “**Security Interest**”) over, or in relation to, or assigning any rights in relation to, the Shares to or for the benefit of one or more ML Lenders in connection with the Margin Loan;
- (h) in respect of AI Prime, for the purpose of transferring, selling and/or appropriating any Shares pursuant to any enforcement of any Security Interest over, or in relation to, the Shares granted by AI Prime for the benefit of any ML Lender in connection with any Margin Loan in accordance with paragraph (g) above;
- (i) transferring, selling or granting a Security Interest over (or enforcing such Security Interest by way of transfer, sale and/or appropriation) any Shares that have previously been transferred, sold and/or appropriated to or by any person in accordance with paragraph (h) above; or
- (j) from entering into, and transferring Shares in accordance with the terms of, the Stock Lending Agreement and the over-allotment contract,

provided that in the case of paragraphs (f), (h) or (i) (in the case of paragraph (i), other than in respect of the grant of a Security Interest) prior to any such transfer, the relevant transferee has entered into a deed of adherence in the form specified in the Underwriting Agreement.

Pursuant to the lock-up deeds, each member of (i) the Management Board, (ii) the Supervisory Board, and (iii) the Executive Committee has agreed with the Banks that from the date thereof until 360 days after the Settlement Date, it will not, except as set forth below, without the prior written consent of the Joint Global Coordinators acting on behalf of the Banks (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or other equity securities of the Company, or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing.

Save that the above restrictions shall not apply to:

- a) any disposal as a result of any the reorganisation steps and documentation described in the section entitled “*Selling Shareholders and Related Party Transactions – Reorganisation*” of this Prospectus;
- b) any disposal notified in writing in advance to the Joint Global Co-ordinators and the Company and to which the Joint Global Co-ordinators give their prior consent in writing (such consent not to be unreasonably withheld or delayed);
- c) (i) an acceptance of a general offer for the ordinary share capital of the Company made in accordance with the Luxembourg Takeover Law; or (ii) the provision of an irrevocable undertaking to accept such offer; or (iii) a sale of Shares to an offeror or potential offeror during an acceptance period (within the meaning of the Luxembourg Takeover Law);
- d) any disposal (i) to a family member; or (ii) to any person or persons acting in the capacity of trustee or trustees of a trust created by the relevant person or, upon any change of trustees of a trust so created, to the new trustee or trustees, provided that the trust is established for charitable purposes only or there are no persons beneficially interested under the trust other than the relevant person and the relevant person’s family members; or (iii) by the trustee or trustees of a trust to which paragraph (ii) above applies to any person beneficially interested under that trust,
- e) any disposal to or by the personal representatives if the relevant person dies during the period of the lock-up;
- f) vesting of awards under share schemes described in the Prospectus;
- g) any disposal of rights to new Shares to be issued by way of rights issue to fund the relevant person’s take-up of the balance of their rights; and
- h) any redemption of MIP Shares in connection with a distribution of proceeds by AI Prime to its shareholders.

For the avoidance of doubt, the foregoing shall not prevent transfers from the relevant person pursuant to the exercise of the call options and/or pledge agreements referred to in the “*Other Related Party Transactions – MIP Shares*” section of this Prospectus (and the subsequent transfer by the beneficiary of such pledge/call option to any employee and/or director of the Company or any of its subsidiaries), provided that in the event of a transfer, each transferee shall have agreed to be bound by the restrictions of the lock-up as if it were the transferor by execution and delivery to the Banks and the Company of a deed of adherence in the form set out in the lock-up deed. Any Shares received pursuant to the arrangements referred to in the section of this Prospectus entitled “*Other Related Party Transactions – MIP Shares*” will be subject to the lock-up for the term of the lock-up remaining after such transfer.

### **Over-Allotment and Stabilisation**

In connection with the Offering, the Underwriting Agreement provides that CGME as Stabilisation Agent, or any of its agents, on behalf of the Banks, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Offer Shares or effect other transactions with a view to supporting the market price of the Offer Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Agent is not required to enter into such transactions, and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date

and ending no later than 30 calendar days thereafter. The Stabilisation Agent or any of its agents is not obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken. Such stabilising transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilisation Agent nor any of its agents intend to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. The Underwriting Agreement provides that the Stabilisation Agent may, for purposes of the stabilising transactions, over-allot Offer Shares up to a maximum of 15.0% of the total number of Offer Shares sold in the Offering. The Underwriting Agreement provides that to the extent that the Stabilisation Agent earns any profit directly from stabilising transactions, the Stabilisation Agent will remit the aggregate amount of any such net profits to AI Prime (after deduction of documented costs up to 0.2% of the value of Offer Shares traded on the stabilisation account). All losses incurred by the Stabilisation Agent in the course of the stabilising transactions are for the account of and shared *pro rata* by the Banks.

In connection with the Over-Allotment Option, up to a maximum of 15% of the total number of Offer Shares have been made available by AI Prime to the Stabilisation Agent for the account of the Banks through a securities loan entered into between CGME and AI Prime (the “**Stock Lending Agreement**”).

None of the Company, any of the Selling Shareholders or any of the Banks makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Offer Shares. In addition, none of the Company, any of the Selling Shareholders or any of the Banks makes any representation that the Stabilisation Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

### **No Public Offering**

No action has been taken or will be taken in any jurisdiction by the Group or the Banks that would permit a public offering of the Offer Shares requiring approval and/or passporting of the prospectus under the Prospectus Regulation, or the possession, circulation or distribution of this Prospectus or any other material relating to the Group or the Offer Shares, in any other country or jurisdiction than the Netherlands where action for that purpose is required.

Accordingly, no Offer Shares may be offered or sold either directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. See the selling and transfer restrictions described in “*Selling and Transfer Restrictions*”.



## SELLING AND TRANSFER RESTRICTIONS

No action has been taken or will be taken in any jurisdiction by the Group, the Selling Shareholders or the Banks and their affiliates that would permit a public offering of the Offer Shares requiring approval and/or passporting of the prospectus under the Prospectus Regulation, or the possession, circulation or distribution of this Prospectus or any other material relating to the Group or the Offer Shares, in any country or jurisdiction where action for that purpose is required.

Accordingly, no Offer Shares may be offered or sold either directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

### European Economic Area

In relation to each EEA Member State (each a "**Relevant Member State**"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that the Offer Shares may be offered to the public in that Relevant Member State at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Company and/or Selling Shareholders or any Bank to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an 'offer to the public' in relation to the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares under, the Offering contemplated hereby will be deemed to have represented,



warranted and agreed to and with each of the Banks and their affiliates, the Selling Shareholders and the Company that:

- (i) it is a qualified investor within the meaning of the Prospectus Regulation; and
- (ii) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, (i) the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or have been acquired in other circumstances falling within the points (a) to (d) of Article 1(4) of the Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where the Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

The Company, the Selling Shareholders, the Banks and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Offer Shares in the Offering.

### United Kingdom

This Prospectus and any other material in relation to the Offer Shares described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with persons who are: (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the FPO; or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the FPO; (iii) outside the UK; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Offer Shares may otherwise lawfully be communicated or caused to be communicated, (all such persons together being referred to as “**Relevant Persons**”). The Offer Shares are only available in the UK to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, the Relevant Persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the Financial Conduct Authority, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinators for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Offer Shares shall require the Company and/or Selling Shareholders or any Bank to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the UK who acquires any Offer Shares in the Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks and their affiliates that it meets the criteria outlined in this section.

## United States

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the US, and may not be offered or sold within the US unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. The Offer Shares are being offered and sold in the US only to persons reasonably believed to be QIBs as defined in Rule 144A, pursuant to, and in reliance on, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and outside the US in reliance on Regulation S under the US Securities Act. There will be no public offer of the Offer Shares in the US. Prospective purchasers are hereby notified that the Company and other sellers of the Offer Shares may be relying on an exemption from the registration requirements of Section 5 of the US Securities Act, which may include Rule 144A or Regulation S thereunder.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offer or sale of the Offer Shares within the US by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

The Underwriting Agreement provides that the Banks may directly or through their respective United States broker-dealer affiliates arrange for the offer and sale of the Offer Shares within the United States only to persons reasonably believed to be QIBs as defined in Rule 144A, pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Each purchaser of Offer Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (i) it is (A) a QIB; (B) acquiring the Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph; (C) acquiring the Offer Shares for investment purposes, and not with a view to further distribution of such Offer Shares; and (D) aware, and each beneficial owner of the Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- (ii) it understands and agrees that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred, except (A)(1) to a person whom the investor and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; (3) pursuant to an exemption from the registration requirements of the US Securities Act provided by Rule 144 thereunder (if available); or (4) pursuant to an effective registration statement under the Securities Act; and (B) in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;
- (iii) it acknowledges that the Offer Shares (whether in physical, certificated form or in un-certificated form) are ‘restricted securities’ within the meaning of Rule 144(a)(3) under the US Securities Act, that the Offer Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Offer Shares;
- (iv) it understands that in the event Offer Shares are held in certificated form, such certificated Offer Shares will bear a legend substantially to the following effect:

**“THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED,**

**EXCEPT: (A) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER; (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE); OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THIS SECURITY ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH INVESTOR IN THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH INVESTOR WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY INVESTOR IN THIS SECURITY FROM IT OF THE REALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS”;**

- (v) notwithstanding anything to the contrary in the foregoing, it understands that Offer Shares may not be deposited into an unrestricted depositary receipt facility in respect of Offer Shares established or maintained by a depositary bank unless and until such time as such Offer Shares are no longer ‘restricted securities’ within the meaning of Rule 144(a)(3) under the Securities Act;
- (vi) any offer, resale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions shall not be recognised by the Company;
- (vii) it agrees that it will give to each person to whom it offers, resells, pledges or otherwise transfers Offer Shares notice of any restrictions on transfer of such Offer Shares; and
- (viii) it acknowledges that the Company, the Banks and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well).

Each purchaser of Offer Shares outside the United States will, by accepting delivery of this Prospectus, be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (i) it is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (ii) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Offer Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (iii) it and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares is purchasing the Offer Shares in an offshore transaction meeting the requirements of Regulation S; and

- (iv) the Company, the Banks and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and the purchaser agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Offer Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such accounts as well).

## Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* NI 33-105, the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

## Japan

The Offer Shares offered by this Prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Law**”). Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (including Japanese corporations) except with the prior approval of the Joint Global Coordinators and pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and relevant regulations of Japan.

## Australia

This Prospectus (i) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (the “**Corporations Act**”); (ii) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 6.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (the “**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (iii) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they (a) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (b) are “wholesale clients” for the purpose of section 761G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive Prospectus, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each purchaser or subscriber of Offer Shares represents and warrants to the Company, the Selling Shareholders, the Banks and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offer Shares under this document, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares each purchaser or subscriber of Offer Shares undertakes to the Company, the Selling Shareholders, the Banks and their affiliates that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

## **Singapore**

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (however described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

- i. to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- ii. where no consideration is or will be given for the transfer; where the transfer is by operation of law;
- iii. as specified in Section 276(7) of the SFA;
- iv. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time, including by such of its subsidiary legislation as may be applicable at the relevant time.

## **Hong Kong**

This Prospectus has not been, and will not be, delivered for registration to the Registrar of Companies in Hong Kong, nor has it been reviewed or authorised by the Securities and Futures Commission or any other regulatory authority in Hong Kong. No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of the Prospectus or any documents issued in connection with it. Accordingly: (a) the Shares have not been and will not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies



(Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (“C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O and as permitted under the SFO; and (b) no advertisement, invitation or other document relating to the Shares has been or will be issued or possessed for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

**WARNING:** The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

#### **Dubai International Financial Center**

The Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is approved by a Dubai Financial Services Authority (“DFSA”) Authorised Firm or an offer is:

- (a) an “Exempt Offer” in accordance with the DFSA Markets Rules (MKT Module) of the DFSA; and
- (b) made only to, and is only capable of being accepted by, persons who meet the “deemed” Professional Client criteria set out in Rule 2.3.4 of the DFSA Conduct of Business Module of the DFSA rulebook and who is not a natural person.

The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Offer Shares. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

#### **United Arab Emirates (excluding the Dubai International Financial Centre)**

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this document, you should consult an authorised financial adviser.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that this Prospectus has not been approved by or filed with the United Arab Emirates (“UAE”) Central Bank, the UAE Securities and Commodities Authority (the “SCA”) or any other authorities in the UAE (outside of the financial free zones established pursuant to UAE Federal Law No. 8 of 2004), nor have the Banks received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no issuance or subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that any of the Banks is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. This Prospectus and the Shares are not intended for circulation or distribution in or into the UAE, other than to persons who are: (i) “Qualified Investors” within the meaning of the SCA’s Board of Directors Decision No. 3 of 2017 Concerning the Organisation of Promotion and Introduction, who are not natural persons, to whom the materials may lawfully be communicated. This prospectus does not constitute a public offer of securities in the UAE in accordance with the SCA Chairman of the Board Resolution No. 11/R.M of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock, or otherwise.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

## South Africa

In South Africa, the Offering will only be made by way of private placement to “**South African Qualifying Investors**”, being (a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act, and (b) selected persons, acting as principal, subscribing for Offer Shares for a total acquisition cost of ZAR 1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act, and to whom the Offering will specifically be addressed, and only by whom the Offering will be capable of acceptance, and this Prospectus is only being made available to such South African Qualifying Investors. The information contained herein in respect of each class of South African Qualifying Investors is combined in this Prospectus for the sake of convenience only. Accordingly (a) the information contained in this Prospectus does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Offer Shares or any other securities and is not an offer to the public as contemplated in the South African Companies Act, (b) this Prospectus does not, nor does it intend to, constitute a “registered prospectus” or an “advertisement”, as contemplated by the South African Companies Act, and (c) no prospectus has been filed with the Companies and Intellectual Property Commission (the “**CIPC**”) in respect of the Offering. As a result, this Prospectus does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC, or any other South African authority. Accordingly, should any person in South Africa who is not a South African Qualifying Investor receive this document, they should not and will not be entitled to acquire any Offer Shares or otherwise act thereon. The information contained in the Prospectus constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 37 of 2002, as amended (the “**FAIS Act**”) and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Offer Shares described therein or in relation to the business or future investments of the Company is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in the Prospectus should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. The Company is not a financial services provider licensed as such under the FAIS Act.

## Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Offer Shares. The Offer Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the “**FinSA**”) and no application has or will be made to admit the Offer Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material related to the Offering, the Company or the Offer Shares has been filed or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Offer Shares has not been authorised and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (the “**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Offer Shares.

## TAXATION

### Introduction

The income received from the securities may be impacted by applicable tax legislation, in particular by the tax legislation of the country of residence of the investor. The discussions below summarize the relevant tax consequences under Luxembourg law (as the Company is resident in Luxembourg for tax purposes) and under Dutch law (as the Company is listed on Euronext Amsterdam). Prospective holders of Shares should consult their own tax advisors on the possible tax consequences of the acquisition, ownership and transfer of Shares.

### Taxation in the Netherlands

*The information set out below is a general overview of certain material Dutch tax consequences in connection with the acquisition, ownership and transfer of Shares. This overview is not a comprehensive or complete description of all the Dutch tax considerations that may be relevant for a particular holder of Shares and it does not address the tax consequences that may arise in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of Shares. Holders of Shares may be subject to special tax treatment under any applicable law and this overview is not intended to be applicable in respect of all categories of holders of Shares. For Dutch tax purposes, a holder of Shares may include an individual who, or an entity that, does not have the legal title to the Shares, but to whom nevertheless Shares are attributed based either on such individual or entity holding a beneficial interest in Shares or based on specific statutory provisions.*

*This overview is based on the tax laws of the Netherlands as in effect on the date of this Prospectus, including regulations, rulings and decisions of the Netherlands and its taxing and other authorities available in printed form on or before such date and now in effect, and as applied and interpreted by Dutch courts, without prejudice to any developments or amendments introduced at a later date and implemented with or without retroactive effect.*

*Any reference in this overview to the Netherlands and to Netherlands or Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only.*

*This overview assumes that the Company is solely tax resident in Luxembourg and is not, nor will be, treated as a resident or deemed resident of the Netherlands for tax purposes or as having a presence in the Netherlands for tax purposes.*

*As this overview is intended as general information only, (prospective) holders of Shares should consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of Shares, including, in particular, the application to their specific situations of the tax considerations discussed below.*

### Excluded Holders of Shares

This overview is not intended for any holder of Shares:

- who is an individual and for whom the income or capital gains derived from Shares are attributable to employment activities, the income from which is taxable in the Netherlands;
- who has, or that has, a Substantial Interest or a deemed Substantial Interest in the Company (as defined and explained below);
- that is an entity that is a resident or deemed to be a resident of the Netherlands and that is not subject to or is exempt, in whole or in part, from Dutch corporate income tax;
- that is an entity for which the income and/or capital gains derived in respect of the Shares are exempt under the participation exemption (*deelnemingsvrijstelling*) or are subject to the participation credit (*deelnemingsverrekening*) as set out in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*);
- that is an exempt investment institution (*vrijgestelde beleggingsinstelling*) or a fiscal investment institution (*fiscale beleggingsinstelling*) as meant in Articles 6a and 28 of the Dutch Corporate Income Tax Act 1969, respectively; or
- who is, or that is, is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Shares and/or the income and/or capital gains derived from the Shares.

Generally, a holder of Shares will have a substantial interest (*aanmerkelijk belang*) in the Company, if he holds, alone or, together with his partner (statutorily defined term in Dutch tax law), whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit or to 5% or more of the Company's liquidation proceeds (a "**Substantial Interest**").

A holder of Shares will also have a Substantial Interest in the Company if one of certain relatives of that holder or of his partner has a Substantial Interest in the Company. If a holder of Shares does not have a Substantial Interest, a deemed Substantial Interest will be present if (part of) a Substantial Interest has been disposed of, or is deemed to have been disposed of, without recognising taxable gain.

### ***Taxes on Income and Capital Gains***

#### ***Dutch Resident Individuals***

A holder of Shares who is an individual and who is resident or deemed to be resident in the Netherlands for purposes of Dutch taxation (a "**Dutch Resident Individual**"), will generally be subject to Dutch income tax on income or capital gains derived or deemed to be derived from the Shares at the progressive rates up to 49.5% (maximum rate for 2020) if:

- (i) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Shares are attributable or deemed to be attributable; or
- (ii) the holder derives income or capital gains from the Shares, as the case may be, that are taxable as benefits from 'miscellaneous activities' (*resultaat uit overige werkzaamheden*, as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*)), which include the performance of activities with respect to the Shares, that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*) and also include benefits resulting from a lucrative interest (*lucratief belang*).

If neither condition (i) nor condition (ii) mentioned above applies, a Dutch Resident Individual will generally be subject to Dutch income tax on a deemed return regardless of the actual income or capital gains derived from the Shares. This deemed return on income from savings and investments (*sparen en beleggen*) is calculated by applying the applicable deemed return percentage(s) to the individual's yield basis (*rendementsgrondslag*) insofar as this exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets (including, as the case may be, the Shares) held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, both determined on 1 January of the relevant year. The deemed return percentages to be applied to the yield basis increase progressively from 1.789% to 5.28% (rates for 2020). The deemed return will be taxed at a rate of 30% (rate for 2020).

#### ***Dutch Resident Entities***

A holder of Shares that is an entity and that is resident or deemed to be resident in the Netherlands for purposes of Dutch taxation (a "**Dutch Resident Entity**"), will generally be subject to Dutch corporate income tax with respect to income and capital gains derived or deemed to be derived from the Shares. The Dutch corporate income tax rate is 16.5% for the first €200,000 of the taxable amount and 25% for the taxable amount exceeding €200,000 (rates for 2020).

#### ***Non-Dutch Residents***

A holder of Shares who is not, nor deemed to be, a Dutch Resident Individual or a Dutch Resident Entity (a "**Non-Dutch Resident**"), is generally not subject to Dutch income tax or corporate income tax with respect to the income and capital gains derived from the Shares, provided that:

- such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried

on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable or deemed attributable;

- in case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from the Shares, as the case may be, that are taxable as benefits from miscellaneous activities performed in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*), which include the performance of activities in the Netherlands in respect of the Shares, that exceed regular, active portfolio management and also includes benefits resulting from a lucrative interest;
- in case of a Non-Dutch Resident who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment relationship, to which enterprise the Shares or payments in respect of the Shares are attributable; and
- in case of a Non-Dutch Resident that is an entity, such entity is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in the Netherlands, other than by way of the holding of securities, to which enterprise the Shares, or payments in respect of the Shares, as the case may be, are attributable.

### ***Gift and Inheritance Taxes***

#### ***Dutch Residents***

Generally, gift taxes (*schenkbelasting*) and inheritance taxes (*erfbelasting*) may arise in the Netherlands with respect to a transfer of the Shares by way of a gift by, or, on the death of, a holder of Shares who is resident or deemed to be resident in the Netherlands for the purpose of the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*) at the time of the gift or his or her death.

#### ***Non-Dutch Residents***

No Dutch gift or inheritance taxes will be levied on the transfer of Shares by way of gift by or on the death of a holder, who is neither a resident nor deemed to be a resident of the Netherlands for the purpose of the relevant provisions, unless:

- (i) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions;
- (ii) such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of the Shares;
- (iii) the gift is made under a condition precedent and such holder is or is deemed to be resident in the Netherlands at the time the condition is fulfilled.

For purposes of the Dutch Gift and Inheritance Tax Act 1956, an individual who is of the Dutch nationality will be deemed to be a resident of the Netherlands if he has been a resident of the Netherlands at any time during the 10 years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be a resident of the Netherlands if he has been a resident of the Netherlands at any time during the 12 months preceding the date of the gift. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands. Applicable tax treaties may override such deemed residency.

### ***Value Added Tax***

In general, there is no Dutch VAT (*omzetbelasting*) payable by a holder of Shares in respect of the purchase of Shares pursuant to this Offering (other than value added tax on fees payable in respect of services not exempt from Dutch VAT).

### ***Other Taxes and Duties***

No Dutch registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty will be payable in the Netherlands by a holder of Shares in respect of or in connection with the acquisition, ownership or transfer of Shares.



## Taxation in Luxembourg

Where in this overview English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law. A reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Corporate shareholders may be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may also apply.

This overview is based on current legislation, existing administrative and judicial interpretations thereof and practice in force in Luxembourg on the date of this prospectus, all of which are subject to change.

If there is a change in the legislation, the prevailing administrative or judicial interpretation thereof or in the practice, in each case including changes having retroactive effect, the information included herein will need to be re-assessed in light of any such changes. The Company or its advisors are under no obligation to update this Prospectus for any such changes occurring after its date of issuance or to inform any person, of any changes of law, administrative or judicial interpretation thereof or practice or other matters coming to their knowledge and occurring after the date hereof, which may affect this prospectus in any respect. Neither the Company nor its advisors are liable for any loss which may arise as a result of current, or changes in, applicable tax laws, administrative or judicial interpretation thereof or practice.

### Taxation of the Company – Income Tax

The net taxable profit of the Company is subject to Luxembourg corporate income tax and municipal business tax. Corporate income tax is levied at a rate of 17% in 2020, where the taxable income exceeds EUR 30,000 (plus a 7% thereof surcharge for the contribution to the employment fund). Municipal business tax is levied at a variable rate according to the municipality in which the company is located (6.75% in Luxembourg, Grand Duchy of Luxembourg). The 2020 aggregate corporate income tax and municipal business tax rate consequently amounts to 24.94% for companies established in Luxembourg, Grand Duchy of Luxembourg, with a taxable income exceeding EUR 30,000. The use of carried-forward losses realised as from fiscal year 2017 are time-restricted to 17 years. The carry back of tax losses is however prohibited.

Under the participation exemption regime (“**Participation Exemption Regime**”), dividends and liquidation proceeds received by the Company are exempt from income tax if (i) the distributing company is a qualified subsidiary (“**Qualified Subsidiary**”) and (ii) at the time the dividend becomes available to the Company, the latter has held or commits itself to hold for an uninterrupted period of at least twelve months, a qualified shareholding (“**Qualified Shareholding**”). A ‘Qualified Subsidiary’ is, *inter alia*, (a) a company covered by Article 2 of the amended Directive 2011/96/EU of the Council of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different EEA Member States (“**EU Parent-Subsidiary Directive**”), (b) a Luxembourg resident capital company, fully subject to tax, and (c) a non-resident capital company (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax. Based on Luxembourg Parliamentary preparatory work, an effective foreign corporate income tax rate of at least half of the Luxembourg corporate income tax, and levied under a set of rules similar to the ones applicable in Luxembourg is considered as corresponding to Luxembourg corporate income tax. A ‘Qualified Shareholding’ means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 1.2 million. The participation exemption may not apply to profit distributions by companies that (i) are tax deductible for the distributing resident entity or, with respect to EU companies, (ii) are made in the framework of an arrangement which, having been put in place with the (or one of the) main purpose(s) of obtaining a tax advantage defeating the objects and purposes of the EU Parent-Subsidiary Directive, is not genuine having regard to all its relevant facts and circumstances.

Participations held through a tax transparent entity are considered to be held directly and proportionally to the percentage held in the net assets of the transparent entity.

Insofar as a dividend from a Qualified Shareholding is Luxembourg tax exempt in a given fiscal year, is non-tax deductible up to the dividend amount (a) any expenses incurred during the same fiscal year, in economic relation with this exempt income (e.g., interest on debt financing the Qualified Shareholding, operating expenses, foreign withholding tax, write down), as well as (b) the potential write down on the

Qualified Shareholding, recorded after the distribution of the tax exempt dividend. The amount of expenses exceeding the tax exempt dividend or expenses related to the qualifying participation and incurred in the absence of a dividend distribution are tax deductible but subject to recapture upon the disposal of the Qualified Shareholding at a gain (see below). If the Participation Exemption Regime does not apply, 50% of the gross amount of dividends received by the Company is exempt from income tax, under certain conditions.

Capital gains (determined as the positive difference between the price for which shares have been disposed of, or their market value, and their cost or book value) realised by the Company on shares are subject to income tax at ordinary rates, unless the conditions of the Participation Exemption Regime are satisfied: in that case, Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 6.0 million. If the company realizing the Luxembourg tax-exempt capital gain incurred in previous fiscal year(s) tax deductible expenses in economic relation with a Qualified Shareholding (e.g., interest on debt financing the Qualified Shareholding, operating expenses, foreign withholding tax and write down, including write down on receivables held towards the Qualified Subsidiary), these expenses must be recaptured at the time of the sale of the participation, up to the amount of the gain. The capital gain will be subject to tax up to the amount of the expenses subject to recapture which have decreased the taxable basis of the company in any prior fiscal year, including the year of the sale. Carried forward tax losses can be deducted from the taxable basis of the company, against these expenses so-recaptured (bearing in mind that tax losses may be carried forward during a period of maximum 17 years, as mentioned above).

In certain circumstances, a group of companies may benefit from the tax consolidation regime. This allows the group to combine or offset the respective taxable profit of each company in the group and to be taxed on the overall sum, as if they were a single taxpayer. This means that losses incurred by some consolidated companies are offset by the profits made by others. The tax consolidation regime is applicable for Luxembourg corporate income tax and municipal business tax.

#### ***Taxation of the Company – Net Wealth Tax***

The Company is subject to annual Luxembourg net wealth tax at the rate of 0.5% (or at a rate of 0.05% for the portion of the net wealth exceeding EUR 500.0 million) on its net assets. The net wealth tax basis is the so called “unitary value” (*valeur unitaire*), determined at January 1, of each year as the difference between: (i) assets, valued in accordance with Luxembourg valuation rules and (ii) liabilities (excluding the equity of the Company (e.g., share capital, share premium, legal reserve, freely distributable reserve(s), capital surplus etc.)). Under the participation exemption regime (described above), a Qualified Shareholding held in a Qualified Subsidiary by the Company is exempt; the minimum holding period requirement is not relevant for net wealth tax purposes. Debts funding a Qualified Shareholding are non-deductible for net wealth tax purposes, up to the amount of the Qualified Shareholding.

Even if the Company is not subject to the regular annual net wealth tax, it is subject to the annual minimum net wealth tax (“**Minimum Net Wealth Tax**”). The Minimum Net Wealth Tax amounts to EUR 4,815 in 2020, for Luxembourg collective entities where the total of the company’s financial fixed assets, receivables held against affiliated companies and companies in which they hold a shareholding, transferable securities, cash at bank, cash in postal checking accounts, checks, and cash in hand (i.e., assets booked under captions 23, 41, 50 and 51 of the Luxembourg Standard Chart of Accounts) exceed 90% of the total balance sheet and EUR 350,000. If the total balance sheet does not exceed EUR 350,000, the annual Minimum Net Wealth Tax will be limited to EUR 535.

All other companies that do not meet the aforementioned conditions are subject to the annual minimum NWT on the basis of their total balance sheet according to a progressive tax scale varying from EUR 535 to EUR 32,100. For companies subject to the regular annual net wealth tax, the annual liability will be the higher of the Minimum Net Wealth Tax and the annual Luxembourg net wealth tax.

The tax consolidation regime does not apply on the annual Luxembourg net wealth tax. Each group company therefore remains liable for the net wealth tax applicable to its own taxable wealth. The sum of the Minimum Net Wealth Tax in a tax consolidation is capped at EUR 32,100.

#### ***Taxation of the Company – Other Taxes***

The issue of Shares against contributions in cash as well as amendments to the articles of association are currently subject to a EUR 75 fixed duty.

### ***Taxation of the shareholders – Withholding Tax***

Dividends (including deemed dividends) paid by the Company to its shareholders are, generally, subject to a 15% withholding tax in Luxembourg, if levied on the gross dividend amount, or 17.65% if levied on the net dividend amount put at the disposal of the beneficiary. A domestic withholding exemption may apply if, at the time the income is made available, (i) the receiving entity is an eligible parent that (ii) has held or commits itself to hold for an uninterrupted period of at least twelve months a participation of at least 10% of the share capital of the Company or a participation of an acquisition price of at least EUR 1.2 million. Eligible parents include, *inter alia*, (a) companies covered by Article 2 of the amended EU Parent-Subsidiary Directive and permanent establishments thereof, (b) companies resident in States having a double tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg corporate income tax, and Luxembourg permanent establishment thereof, (c) capital companies (*société de capitaux*) or cooperative companies (*société coopérative*) resident in the EEA other than an EU Member State and liable to a tax corresponding to Luxembourg corporate income tax, and Luxembourg permanent establishment thereof and (d) Swiss capital companies (*société de capitaux*) that are effectively subject to corporate income tax in Switzerland without benefiting from an exemption. The exemption may not apply to profit distributions to EU companies that are made in the framework of an arrangement which, having been put in place with the (or one of the) main purpose(s) of obtaining a tax advantage defeating the objects and purposes of the EU Parent Subsidiary Directive, is not genuine having regard to all its relevant facts and circumstances.

Capital gains and liquidation proceeds are not subject to a withholding tax.

The 15% withholding tax, if applicable, may be reduced pursuant to the provisions of the relevant double tax treaty, if any.

There is no withholding tax on ordinary arm's length interest payments (except for interest on certain profit sharing bonds, hybrid instruments treated as equity and interest paid by thinly capitalised companies holding shares and interest paid to Luxembourg resident individuals as per the Law of 23 December 2005 (as amended)).

No withholding tax applies upon repayment of the principal of a loan (except for hybrid instruments treated as equity under certain circumstances).

### ***Directors' Fees – Withholding Tax***

Directors' fees (*tantièmes*) paid by a Luxembourg company to its directors in consideration for their executive positions (i.e., not within the context of an employment agreement for the day-to-day management) and related non-deductible VAT for Luxembourg tax purposes, are non-deductible for corporate income tax and municipal business tax purposes at the level of the Luxembourg company and are subject to withholding tax at a rate of 20% on the gross amount of such fees (25% on the net amount).

### ***Taxation of Luxembourg Resident shareholders***

#### ***Individual shareholders***

Luxembourg resident individual shareholders, acting in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rate. A 50% exemption applies to the gross amount of dividends received by resident individuals from (i) a fully taxable Luxembourg resident capital company (*société de capitaux*), (ii) a capital company (*société de capitaux*) resident in a state having a double tax treaty in place with Luxembourg and subject to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in an EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive. A total lump-sum of EUR 1,500 (doubled for individual taxpayers who are jointly taxable) is also deductible from total investment income (dividends and interest) received during the tax year.

A tax credit is usually granted for the 15% withholding tax.

Capital gains realised on the disposal of the Shares by Luxembourg resident individual shareholders, acting in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either (i) as speculative gains or (ii) as gains on a substantial participation.

- (i) Capital gains are deemed to be speculative gains and are subject to income tax at miscellaneous income ordinary rates for resident individuals (with a top marginal rate of 45.78% for the year 2020) if the Shares are disposed of within six months post acquisition or if disposal precedes acquisition.

- (ii) A participation is deemed to be substantial where a resident shareholder holds, either alone or together with his spouse/partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company. Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax as miscellaneous income according to the half-global rate method and may benefit from an allowance of up to EUR 50,000 granted for a ten-year period (doubled for individual taxpayers who are jointly taxable). Capital gains realised on the disposal of the Shares by resident individual shareholders, acting in the course of their professional / business activity, are subject to income tax at ordinary rates.

A disposal may include a sale, exchange, contribution or any other kind of alienation of the Shares. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

#### *Corporate shareholders*

Dividends and liquidation proceeds derived from, and capital gains realised on the Shares held by a Luxembourg fully taxable resident company are in principle subject to corporate income tax and municipal business tax, unless the conditions of the Participation Exemption Regime are satisfied. Should such conditions not be fulfilled, a 50% exemption of the dividends received by a Luxembourg fully taxable resident company still applies for corporate income tax and municipal business tax purposes, under certain circumstances.

A tax credit is usually granted for the 15% withholding tax, if any applicable.

#### *Tax exempt shareholders*

Certain shareholders, such as entities governed by (a) the law of 15 June 2004 on the investment company in risk capital (as amended), or (b) the law of 11 May 2007 on family estate management companies (as amended) or (c) the law of 13 February 2007 on specialised investment funds (as amended), or (d) undertakings for collective investment subject to the law of 17 December 2010 (as amended) or (e) reserved alternative investment funds within the meaning of the law of 23 July 2016 (as amended) may be exempt on income derived from, and capital gains realised on, the Shares for Luxembourg income tax purposes.

#### ***Taxation of Luxembourg non-resident individual and corporate shareholders***

Non-resident shareholders who have neither a permanent establishment nor a permanent representative/dependent agent in Luxembourg to which the Shares are allocable, are generally not liable for Luxembourg income tax on dividends received or on capital gains realised upon sale of Shares.

As an exception, capital gains realised (i) on a substantial participation (i.e. more than 10% in the share capital of the Company) within the first six months after the acquisition thereof and (ii) capital gains realised by a shareholder who was a Luxembourg resident for more than 15 years and has become a non-resident for less than five years prior to the realization of the capital gain, are subject to income tax in Luxembourg at ordinary rates (i.e., 18.19% for non-resident corporate shareholders in 2020 and at progressive rates for non-resident individual shareholders). Most double tax treaties in force prevent such capital gain taxation.

Dividends received from, and capital gains (determined as the positive difference between the price for which the Shares have been disposed of, or their market value, and the lower of their cost or book value) realised on, Shares held by a Luxembourg permanent establishment of a non-resident shareholder are subject to Luxembourg income tax, unless the conditions for the application of the Participation Exemption Regime are satisfied. In particular, a full exemption is available if cumulatively (i) the Shares are attributable to a qualified permanent establishment (“**Qualified Permanent Establishment**”) and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold for an uninterrupted period of at least twelve months a Qualified Shareholding. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a capital company (*société de capitaux*) resident in a State having a tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in the EEA other than an EU Member State. Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 1.2 million. If the Participation



Exemption Regime does not apply, 50% of the gross amount of dividends received by a Luxembourg permanent establishment is exempt from income tax, under certain conditions. A tax credit is further granted for the 15% withholding tax, if any.

#### ***Other Taxes – Net Wealth Tax***

Corporate shareholders resident in Luxembourg are subject to annual net wealth tax, levied at a rate of 0.5% (or at a rate of 0.05% for the portion of the net wealth exceeding EUR 500.0 million) on its net assets, unless they are entities governed by (a) the law of 17 December 2010 on undertakings for collective investment (amending the law of 20 December 2002), or (b) the law of 22 March 2004 on securitization (as amended), or (c) the law of 15 June 2004 on the investment company in risk capital (as amended), or (d) the law of 11 May 2007 on family estate management companies (as amended) or (e) the law of 13 July 2005 on Luxembourg pension structures (as amended) or (f) the law of 13 February 2007 on specialised investment funds (as amended) or (g) reserved alternative investment funds within the meaning of the law of 23 July 2016. However, please note that securitization companies governed by the law of 22 March 2004, or investment company in risk capital governed by the law of 15 June 2004, or Luxembourg pension structures governed by the law of 13 July 2005 (SEPCAV or ASSEP), or reserved alternative investment funds governed by the law of 23 July 2016 having elected to be treated as an investment company in risk capital governed by the law of 15 June 2004 (as amended) remain subject to Minimum Net Wealth Tax. A Qualified Shareholding held in a Qualified Subsidiary is exempt; the minimum holding period requirement is not relevant for net wealth tax purposes.

Non-resident corporate shareholders are only subject to net wealth tax in Luxembourg in respect of the Shares if such holding is effectively connected to a permanent establishment through which the holder carries on a business in Luxembourg.

Individuals are not subject to Luxembourg net wealth tax.

#### ***Inheritance and Gift Tax***

Under Luxembourg Inheritance and gift tax law, where an individual shareholder is a resident of Luxembourg at the time of his or her death, the Shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the Shares, if the gift is embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg, which is generally not required.

#### ***Other Taxes and Duties***

The holding or disposal of the Shares is, in principle, not subject to a Luxembourg registration tax or stamp duty. A fixed or *ad valorem* registration duty may, however, apply upon voluntary registration of a document in relation to the Shares in Luxembourg or if such document is annexed to a document which is registrable with the *Administration de l'Enregistrement des Domaines et de la TVA*, for instance in case of notification by a bailiff, or if it is deposited with the official records of the notary ("*déposé au rang des minutes d'un notaire*"), or is attached to a notarial deed.

#### ***Common Reporting Standard***

The OECD has developed the Common Reporting Standard ("**CRS**") which aims at implementing automatic exchange of financial account information among participating countries.

On December 9, 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU ("**DAC 2**") was adopted in order to implement the CRS among the EU Member States. The DAC 2 was implemented into Luxembourg law by the law of 18 December 2015 ("**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial account holders and to determine whether they are tax resident in an EU Member State and/or a country with which Luxembourg has an exchange of information agreement. Luxembourg financial institutions will need to report financial account information of such account holders to the Luxembourg tax authorities which will remit such information to the competent foreign tax authorities of the other country. It is the intention of the Company to procure that it is treated as complying with the requirements that the CRS Law places upon it. However, no assurance can be provided that the Company will be able to comply with the CRS Law and, in the event that it is not able to do so, it could be exposed to fines which may reduce the amounts available to it to make payments to investors. Investors will be



required to provide certain information to the Company to comply with the reporting obligations under the CRS Law. To ensure compliance with the CRS Law in accordance with the foregoing, it may:

- request information or documentation, including self-certification forms, a tax identification number (if applicable), or any other relevant information in order to ascertain such investor's status; and
- report information concerning an investor and its account holding in the Company to the Luxembourg tax authorities if such investor is a reportable accountholder under the CRS Law.

Investors should contact their own tax advisers regarding the application of the CRS Law to their particular circumstances and their investment in the Company.

#### ***Mandatory Disclosure Regime – DAC 6***

Council Directive 2011/16/EU on administrative cooperation in the field of taxation has been revised to include a set of mandatory disclosure rules (“**MDRs**” or “**DAC6**”) for cross-border tax arrangements that contain one or more of the prescribed “hallmarks”. An arrangement will be ‘cross-border’ where it concerns more than one EU Member State, or an EU Member State and a third country. Under the MDRs such arrangements will need to be reported to tax authorities and the information reported will be exchanged automatically among the EU Member States’ tax authorities.

MDRs were implemented in Luxembourg by the law dated 25 March 2020.

#### **Certain US Federal Income Tax Considerations**

This section describes certain US federal income tax consequences of owning and disposing of Shares. It applies to you only if you are a US holder (as defined below) acquiring Shares in this Offering and you hold your Shares as capital assets for US federal income tax purposes. This discussion only describes US federal income taxation and does not discuss all of the tax consequences that may be relevant to a US holder in light of their particular circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or alternative minimum tax. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organisation;
- a life insurance company;
- a person that actually or constructively owns 10% or more of the Company’s combined voting power of the Company’s voting stock or of the total value of the Company’s stock;
- a person that holds Shares as part of a straddle or a hedging or conversion transaction;
- a person subject to special tax accounting rules as a result of any item of gross income with respect to the Shares being taken into account in an applicable financial statement;
- a person that purchases or sells Shares as part of a wash sale for tax purposes;
- a partnership or other pass-through entity and person holding Shares through such partnership or other pass-through entity; or
- a person whose functional currency is not the US dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, and published rulings and court decisions, as well as on the income tax treaty between Luxembourg and the United States (the “**Luxembourg-US Convention**”), all of which are subject to change, possibly on a retroactive basis. The statements in this Prospectus are not binding on the US Internal Revenue Service (the “**IRS**”) or any court, and thus no assurance can be provided that the US federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds the Shares, the US federal income tax treatment of a partner in such partnership generally will depend on the

status of the partner and the activities of the partnership. A partnership holding the Shares should consult its tax advisor regarding the US federal income tax consequences to them and their partners of an investment in the Shares.

You are a US holder if you are a beneficial owner of Shares and you are for US federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or other business entity treated as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust.

The Company does not expect to be treated as a passive foreign investment company ("PFIC") for US federal income tax purposes for the current taxable year, and this section (other than in the discussion below under "*PFIC Rules*") assumes that the Company is not a PFIC for US federal income tax purposes and it will not be a PFIC for US federal income tax purposes. See the discussion below under "*PFIC Rules*".

*You should consult your own tax advisor regarding the US federal, state and local and other tax consequences of owning and disposing of Shares in your particular circumstances.*

#### *Dividends*

The gross amount of any distributions, including the amount of any Luxembourg taxes withheld, other than certain *pro rata* distributions of Shares, the Company pays out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) is dividend income to a US holder that is subject to US federal income taxation. Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a US holder's basis in the Shares and thereafter as capital gain. Because the Company does not expect to calculate earnings and profits in accordance with US federal income tax principles, you should assume that any distributions (including any Luxembourg taxes withheld) by the Company with respect to the Shares will be reported as ordinary dividend income. If you are a non-corporate US holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. The Company expects that dividends it pays with respect to the Shares generally will be qualified dividend income, provided that the Company is eligible for the benefits of the Luxembourg-US Convention.

Dividends will be income from sources outside the United States and generally will be "passive" income for purposes of computing the foreign tax credit allowable to you.

The dividend is taxable to you when you receive the dividend, actually or constructively. The dividend will not be eligible for the dividends received deduction generally allowed to US corporations in respect of dividends received from other US corporations. The amount of the dividends that you must include in your income as a US holder will be the US dollar value of the Euro payments made, determined at the spot Euro/US dollar rate on the date the dividend is includible in your income, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the preferential rates applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Subject to applicable limitations, that may vary depending upon your particular circumstances, Luxembourg taxes withheld from dividends on Shares (at a rate not exceeding the rate applicable under the Luxembourg-US Convention), if any, may be creditable against your US federal income tax liability. The rules governing foreign tax credits are complex, and you should consult your tax adviser regarding the creditability of foreign taxes in your particular circumstances. Subject to applicable limitations, in lieu of claiming a foreign tax credit, you may elect to deduct foreign taxes, including any Luxembourg taxes

withheld, in computing your US federal income tax liability. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year.

#### *Sale or Other Taxable Disposition of Shares*

You generally will recognise capital gain or loss for US federal income tax purposes on the sale or other taxable disposition of your Shares equal to the difference between the US dollar value of the amount that you realise and your tax basis, determined in US dollars, in your Shares. This capital gain or loss will be long-term capital gain or loss if you hold your Shares for more than one year. If you are a non-corporate US holder, your long-term capital gain generally is taxed at preferential rates. The capital gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations. You should consult your own tax advisor regarding how to account for proceeds on the sale or other taxable disposition of Shares that are not paid in US dollars.

#### *PFIC Rules*

The Company does not expect to be treated as a PFIC for US federal income tax purposes for its current taxable year and does not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. If the Company were to be treated as a PFIC, gain realised on the sale or other taxable disposition of your Shares would in general not be treated as capital gain. Instead, you generally would be treated as if you had realised such gain and certain “excess distributions” rateably over your holding period for the Shares and generally would be taxed at the highest tax rate in effect for the class of US taxpayers for which you are a member for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your Shares will be treated as stock in a PFIC if the Company were a PFIC at any time during your holding period in your Shares. Dividends that you receive from the Company will not be eligible for the special tax rates applicable to qualified dividend income if the Company were a PFIC (or were to be treated as a PFIC with respect to you) either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income. You should consult your own tax advisor regarding the potential application of the PFIC rules to an investment in the Shares.

#### *Backup Withholding and Information Reporting*

If you are a non-corporate US holder, information reporting requirements on the IRS Form 1099 generally will apply to dividend payments or other taxable distributions made to you within the United States, and the payment of proceeds to you from the sale or taxable disposition of Shares effected at a US office of a broker.

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or are notified by the IRS that you have failed to report all interest and dividends required to be shown on your US federal income tax returns.

Payment of the proceeds from the sale of Shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States; (ii) the proceeds or confirmation are sent to the United States; or (iii) the sale has certain other specified connections with the United States.

Backup withholding is not an additional tax. You generally may obtain a credit or refund of any amounts withheld under the backup withholding rules that exceed your US federal income tax liability by filing a claim with the IRS in a timely manner.

You should consult your own tax advisor about any reporting or filing obligations that may apply as a result of owning or disposing of the Shares. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

## INDEPENDENT AUDITORS

### Integer

The financial statements of Integer.pl S.A. as of 31 December 31, 2019, 2018 and 2017 and for each of the years in the three year period then ended, included in this Prospectus, have been audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., independent auditors, as stated in their report appearing herein.

The report was signed by Rafał Wiza on behalf of KPMG, a certified auditor registered under No. 11995. KPMG is entered on the list of audit firms held by the Polish Agency for Audit Oversight under entry No. 3546. KPMG is located at ul. Inflancka 4A, 00-189 Warsaw, Poland.

As of 31 December 2019 the assignment of KPMG regarding the performance of audits of the statutory financial statements of Integer.pl expired. As of 2020, Integer.pl engaged PwC Poland as its auditor.

The Interim Financial Statements, included elsewhere in this Prospectus, have been reviewed by PwC Poland, independent auditors, as stated in the report appearing herein. PwC Poland is located at ul. Polna 11, 00-633 Warsaw, Poland. PwC Poland, independent auditors, reported that they reviewed the Interim Financial Statements, included in this Prospectus and issued an unmodified review report. However, their separate report, included herein, state they did not audit and they do not express an audit opinion on the Interim Financial Statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

On behalf of PwC Poland, the report on the review of the Interim Financial Statements was signed by Michał Mastalerz, a certified auditor registered under No. 90074. PwC Poland is entered on the list of audit firms held by the Polish Agency for Audit Oversight under entry No. 144.

### Company

The Company Financial Information, as included elsewhere in this Prospectus, has been audited by PwC Luxembourg, located at 2, Rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg. PwC Luxembourg are members of the *Luxembourg Institut Des Réviseurs d'Entreprises*.

## GENERAL INFORMATION

### General Information on Integer.pl

Integer.pl was incorporated on 19 March 2007, its legal and commercial name is Integer.pl, it operates under the laws of Poland, it is registered with the Polish Chamber of Commerce under number 0000276519 and its legal entity identifier (LEI) is 259400LFR0HG21XX9D96. Integer.pl's registered address is ul. Wielicka 28 30-552 Krakow, Poland and its telephone number is +48 12 619 98 00. Integer.pl's website is: <https://integer.pl/>. The information on the website of Integer.pl does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus. The articles of association of Integer.pl are publicly accessible in the relevant registration court, i.e. District Court Kraków-Śródmieście in Krakow, XI Commercial Division of the National Court Register.

As at the Settlement Date, the sole shareholder of Integer.pl is the Company.

### Corporate Resolutions

On 19 January 2021, the Management Board resolved to list the Shares on Euronext Amsterdam.

On 19 January 2021, the Supervisory Board approved the listing of the Shares on Euronext Amsterdam.

On 15 January 2021, the General Meeting approved the listing of the Shares on Euronext Amsterdam.

### No Significant Change

Other than the reorganisation as set out in "*Selling Shareholders and Related Party Transactions – Reorganisation*", there have been no significant changes in the financial performance or the financial position of the Group since 6 November 2020.

Other than the reorganisation as set out in "*Selling Shareholders and Related Party Transactions – Reorganisation*", there have been no significant changes in the financial performance or the financial position of the Integer Group since 30 September 2020.

### Available Information

Subject to any applicable selling and transfer restrictions (see "*Selling and Transfer Restrictions*"), the following documents (or copies thereof) may be obtained free of charge from the Company's website ([www.inpost.eu/investors/listing-and-offering](http://www.inpost.eu/investors/listing-and-offering)):

- this Prospectus;
- the Articles of Association; and
- the 2017-2019 Financial Statements, the Interim Financial Statements and the Company Financial Information.

### Provision of Information

The Group has agreed that, for so long as any of the Shares are outstanding and are 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3- 2(b) thereunder, provide to any holder or beneficial owner of such restricted Offer Shares or to any prospective purchaser of such restricted Offer Shares designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

The Group is not currently subject to the periodic reporting and other informational requirements of the US Exchange Act.

### No Incorporation of Websites

The contents of the Group's websites and all other websites mentioned in this Prospectus, including any websites accessible from hyperlinks on the Group's websites, do not form part of and are not incorporated by reference into this Prospectus. The information on such websites has not been scrutinised or approved by the CSSF.



## DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of the defined terms used in this Prospectus.

<b>1915 Law</b>	the Luxembourg law of 10 August 1915 on commercial companies, as amended
<b>2017-2019 Financial Statements</b>	the audited historical consolidated financial information of Integer.pl as at and for the years ended 31 December 2019, 2018 and 2017, prepared in accordance with IFRS
<b>A&amp;R</b>	A&R Investments Limited
<b>ABN AMRO</b>	ABN AMRO Bank N.V.
<b>Act on Competition and Consumer Protection</b>	the Polish Act of 16 February 2007 on competition and consumer protection (Journal of Laws of 2015, item 1634)
<b>Admission</b>	the admission to listing and trading of all the Shares
<b>Advent Entry Costs</b>	an amount equal to all equity and debt amounts invested by the Advent Funds (directly or indirectly) in the Group, plus the Advent Funds' costs in connection with such investment
<b>Advent Funds</b>	the funds managed by Advent International Corporation
<b>AFM</b>	<i>Stichting Autoriteit Financiële Markten</i> , the Netherlands Authority for the Financial Markets
<b>AI Prime</b>	AI Prime & Cy SCA, a limited partnership ( <i>société en commandite par actions</i> ) incorporated under the laws of Luxembourg, having its registered office at 2-4 rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B212590
<b>Allegro Smart!</b>	the customer loyalty programme launched by Allegro
<b>Allocation</b>	the allocation of the Offer Shares
<b>AML</b>	anti-money laundering
<b>Annual General Meeting</b>	an annual General Meeting of the Company
<b>APMs</b>	automated parcel machines
<b>APM Development Capex Poland</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Applicable Facility B3 (PLN) Margin</b>	8.00% per annum with no WIBOR component for a period of 18 months from 28 February 2020 and thereafter 6.50% per annum
<b>Articles of Association</b>	the articles of association ( <i>statuten</i> ) of the Company as they shall read as of the Settlement Date
<b>ASIC</b>	the Australian Securities and Investments Commission
<b>ATAD 1</b>	the Anti-Tax Avoidance Directive of 12 July 2016
<b>ATAD 2</b>	the Council Directive (EU) 2017/952 of 29 May 2017 amending ATAD 1
<b>Audit Committee</b>	the audit committee of the Supervisory Board
<b>Authorised Capital</b>	the amount of €100,000,000 with or without the issue of up to 10,000,000,000 new Shares, having a nominal value of €0.01 each and having the same rights as the existing issued Shares, by which the Management Board is authorised to increase the issued share capital on one or more occasions for the period having started on the date of the notarial deed recording the resolutions of the General Meeting approving the creation of the Authorised Capital (i.e. 15 January

	2021) and ending on the fifth anniversary of the date of publication of said notarial deed in the RESA (i.e. 15 January 2026)
<b>B2B</b>	business-to-business
<b>B2C</b>	business-to-consumer
<b>Bank Pekao</b>	Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao
<b>Banks</b>	the Underwriters together with Pekao Investment Banking and DMBH
<b>Barclays</b>	Barclays Bank Ireland PLC
<b>Bidco</b>	AI Prime (Luxembourg) Bidco S.à r.l
<b>BlackRock</b>	certain funds and accounts under the management of BlackRock
<b>BNP Paribas</b>	BNP PARIBAS
<b>C2B</b>	consumer-to-business
<b>C2C</b>	consumer-to-consumer
<b>C2X</b>	C2C or C2B
<b>CAGR</b>	the compound annual growth rate of the applicable metric over the time period specified, calculated using the formula: $(\text{ending value}/\text{beginning value})^{(1/\text{number of years})}-1$ .
<b>Capital Expenditure or Capex</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Capital World Investors</b>	funds managed and advised by Capital World Investors
<b>Cash Conversion</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>CET</b>	Central European Time
<b>CFT</b>	countering financing of terrorism
<b>CGME</b>	Citigroup Global Markets Europe A.G.
<b>Changes in Working Capital</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Chairperson</b>	the Supervisory Board member that is appointed by the Supervisory Board as its chairperson
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>CISA</b>	the Swiss Federal Act on Collective Investment Schemes
<b>Citi</b>	CGME and DMBH
<b>Click and Collect</b>	collection at the merchant's physical shop
<b>Closing Date</b>	27 March 2024, being the date falling 66 months after the first date of utilisation under the Existing Senior Facilities Agreement
<b>Co-Bookrunners</b>	DMBH, Pekao and ING
<b>COBS</b>	FCA Handbook Conduct of Business Sourcebook
<b>Collaboration Agreement</b>	the collaboration agreement entered into by InPost UK and Hermes Parcelnet on 15 July 2019
<b>Committees</b>	the Audit Committee and the Selection, Appointment and Remuneration Committee
<b>Company</b>	InPost S.A.
<b>Company Financial Information</b>	audited standalone financial information of the Company as of 6 November 2020 which has been derived from the audited financial statements of the Company as of 6 November 2020, prepared in accordance with Luxembourg generally accepted accounting principles
<b>Company Market Study</b>	the market study by Bain & Company, Inc. in 2020

<b>Cornerstone Investment Agreements</b>	the investment agreements entered into between the Company, AI Prime and the Cornerstone Investors on 12 January 2021
<b>Cornerstone Investors</b>	BlackRock, Capital World Investors and GIC Pte Ltd
<b>Corporations Act</b>	the Corporations Act 2001 of the Commonwealth of Australia
<b>CRS</b>	the Common Reporting Standards as developed by the OECD
<b>CRS Law</b>	the Luxembourg law of 18 December 2015 that implemented the DAC 2 into Luxembourg law
<b>CSSF</b>	the Luxembourg <i>Commission de Surveillance du Secteur Financier</i>
<b>Cumulative Contribution Generated by APM</b>	has the meaning ascribed thereto on p. 39
<b>CV</b>	the coefficient of variation
<b>C(WUMP)O</b>	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong)
<b>DAC 2</b>	the Council Directive 2014/107/EU amending Directive 2011/16/EU
<b>DAC 6</b>	the mandatory disclosure rules for cross-border tax arrangements as included in Council Directive 2011/16/EU
<b>DBP</b>	the annual and deferred bonus plan of the Company
<b>DBP Awards</b>	awards of shares under the DBP
<b>DDoS</b>	Distributed-Denial-of-Service
<b>DFSA</b>	the Dubai Financial Services Authority
<b>Direct Cost per Parcel in Poland</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>Discretionary Fee</b>	a discretionary commission of up to 0.75% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Over-Allotment Shares) paid to the Banks by the Selling Shareholders, at their sole discretion
<b>DMBH</b>	Dom Maklerski Banku Handlowego S.A.
<b>Dutch Corporate Governance Code</b>	the Dutch corporate governance code dated 8 December 2016
<b>Dutch Financial Supervision Act</b>	the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and the rules promulgated thereunder
<b>Dutch Resident Entity</b>	a holder of Shares that is an entity and that is resident or deemed to be resident in the Netherlands for purposes of Dutch taxation
<b>Dutch Resident Individual</b>	a holder of Shares who is an individual and who is resident or deemed to be resident in the Netherlands for purposes of Dutch taxation
<b>Dutch Takeover Decree</b>	the Dutch Public Takeover Bids Decree
<b>EEA</b>	European Economic Area
<b>EEA Member States</b>	member states of the EEA
<b>ESMA</b>	the European Securities and Markets Authority
<b>EU</b>	European Union
<b>EU Member State</b>	a member state of the EU
<b>EU Parent-Subsidiary Directive</b>	the amended Directive 2011/96/EU of the Council of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different EEA Member States
<b>Euro, EUR or €</b>	the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time

<b>Euroclear Nederland</b>	the Netherlands Central Institute for Giro Securities Transactions ( <i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i> ) trading as Euroclear Nederland
<b>Euronext Amsterdam</b>	the regulated market operated by Euronext Amsterdam N.V.
<b>Executive Committee</b>	the executive committee of the Company
<b>Exempt Investors</b>	select investors who are able to demonstrate that they (a) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (b) are “wholesale clients” for the purpose of section 761G of the Corporations Act
<b>Existing Senior Facilities</b>	the RCF and Facility B collectively
<b>Existing Senior Facilities Agreement</b>	an English law governed senior term and revolving facilities agreement with, among others, mBank S.A., as facility agent and security agent (as amended and restated on 10 September 2019 and 28 February 2020)
<b>Existing Intercreditor Agreement</b>	an English law governed intercreditor agreement with, among others, mBank S.A., as facility agent and security agent
<b>Extraordinary General Meetings</b>	extraordinary General Meetings of the Company
<b>Facilities Agreements</b>	the New Facilities Agreements together with the Existing Senior Facilities Agreements
<b>Facility B</b>	Facility B1, B2 and B3 collectively
<b>Facility B1</b>	an EUR 125.0 million term facility initially drawn on 27 September 2018
<b>Facility B2</b>	an EUR 173.0 million term facility initially drawn on 20 September 2019
<b>Facility B3</b>	an EUR 118.0 million term facility drawn in full on 20 March 2020
<b>FAIS Act</b>	the South African Financial Advisory and Intermediary Services Act, 37 of 2002, as amended
<b>Financial Instruments and Exchange Law</b>	the Financial Instruments and Exchange Law of Japan
<b>Financial Statements</b>	the Company Financial Information, together with the 2017-2019 Financial Statements and the Interim Financial Statements
<b>FinSA</b>	the Swiss Financial Services Act
<b>First Earn-Out Amount</b>	10% of the amount equal to the difference between: (i) the aggregate proceeds which would have been (but for the operation of the earn-out) distributed to Subco; and (ii) an amount equal to 4x of the Advent Entry Costs
<b>First Trading Date</b>	29 January 2021
<b>FPO</b>	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
<b>Framework Agreement</b>	the framework agreement entered into by the Company and Allegro on 11 September 2020
<b>Free Cash Flow</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>Free Cash Flow From Operations</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended
<b>FT</b>	Templeton Strategic Emerging Markets Fund IV LDC
<b>FTEs</b>	full time employee equivalents

<b>Fully Marketed Offering</b>	a management road show and/or the preparation of a prospectus or offering memorandum
<b>GAAR</b>	the General Anti-Avoidance Rule
<b>GDP</b>	gross domestic product
<b>GDPR</b>	the European Union's General Data Protection Regulation
<b>General Cost per Parcel in Poland</b>	has the meaning ascribed thereto on p. 39 and on p. 56
<b>General Meeting</b>	the general meeting of Shareholders of the Company
<b>GIC</b>	GIC Pte Ltd
<b>Goldman Sachs</b>	Goldman Sachs Bank Europe SE
<b>Gross Profit</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Gross Profit Margin</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Gross Profit per Parcel in Poland</b>	has the meaning ascribed thereto on p. 39 and on p. 56
<b>Group</b>	the Company and its subsidiaries following completion of the Reorganisation and Refinancing Transactions
<b>Guarantor Coverage Test</b>	the Company will be required to ensure that the New Facilities will benefit from guarantees from subsidiaries accounting for at least 80% of the Group's consolidated EBITDA
<b>Hermes Parcelnet</b>	Hermes Parcelnet Limited
<b>Hurdle</b>	an amount equal to 8% per annum on the Advent Entry Costs (compounding annually and accruing over the life of the Advent Funds' investment)
<b>IAS 34</b>	International Accounting Standard 34 "Interim Financial Reporting"
<b>IFRS</b>	International Financial Reporting Standards as adopted by the EU
<b>ING</b>	ING Bank N.V.
<b>InPost UK</b>	InPost UK Limited
<b>Integer.pl</b>	Integer.pl S.A.
<b>Integer Group</b>	Integer.pl S.A. and its subsidiaries prior to completion of the Reorganisation and Refinancing Transactions on 1 February 2021
<b>Interim Financial Statements</b>	the unaudited consolidated financial information of Integer.pl as of and for the nine months ended 30 September 2020 and 2019, which has been derived from the unaudited interim condensed consolidated financial statements of Integer.pl as at and for the nine months ended 30 September 2020 and 2019, prepared in accordance International Accounting Standard 34
<b>International Capex</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>IRS</b>	the United States Internal Revenue Service
<b>ISIN</b>	the international securities identification number
<b>J.P. Morgan</b>	J.P. Morgan A.G.
<b>Jefferies</b>	Jefferies International Limited and Jefferies GmbH
<b>Joint Bookrunners</b>	the Joint Global Coordinators together with ABN AMRO, Barclays, BNP Paribas and Jefferies as joint bookrunners for the Offering
<b>Joint Global Coordinators</b>	CGME, Goldman Sachs and J.P. Morgan as joint global coordinators for the Offering
<b>KPMG</b>	KPMG Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa



<b>Legal Reserve</b>	the Company's legal reserve
<b>LEI</b>	legal entity identifier
<b>Leverage Ratio</b>	in respect of any 12 month period ending on an applicable testing date, the ratio of (x) total net debt (being the sum of the aggregate principal amount of all borrowings of the Group less the aggregate amount of all cash, cash equivalent investments and investment grade securities held by members of the Group) to (y) consolidated <i>pro forma</i> EBITDA
<b>Listing and Paying Agent</b>	ABN AMRO Bank N.V.
<b>LTIP</b>	the long-term incentive plan of the Company
<b>LTIP Awards</b>	awards of Shares under the LTIP
<b>LTIP Options</b>	options on Shares under the LTIP
<b>Luxembourg</b>	the Grand Duchy of Luxembourg
<b>Luxembourg Mandatory Squeeze-Out and Sell-Out Law</b>	the Luxembourg law of 21 July 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a Regulated Market or which have been subject to a public offer
<b>Luxembourg Market Abuse Law</b>	the Luxembourg law of 23 December 2016 on market abuse, as amended
<b>Luxembourg Prospectus Law</b>	the Luxembourg law of 16 July 2019 on prospectuses for securities ( <i>Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières</i> )
<b>Luxembourg Shareholder Rights Law</b>	the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings of listed companies, as amended by the Law of 1 August 2019 implementing EU Directive 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement in listed companies
<b>Luxembourg Takeover Law</b>	the Luxembourg law of 19 May 2006 on takeover bids, as amended
<b>Luxembourg Transparency Law</b>	the Luxembourg law of 11 January 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a Regulated Market, as amended
<b>Luxembourg Transparency Regulation</b>	the Luxembourg Grand-ducal regulation of 11 January 2008 on transparency requirements for issuers of securities, as amended
<b>Luxembourg-US Convention</b>	the income tax treaty between Luxembourg and the United States
<b>Maintenance Capex Poland</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Management Board</b>	the management board ( <i>directoire</i> ) of the Company
<b>Management Board Rules</b>	the rules adopted by the Management Board governing the Management Board's decision-making process and working methods
<b>Mandated Lead Arrangers</b>	Barclays, BNP Paribas, CGME, Goldman Sachs, ING, J.P. Morgan, mBank S.A. and Bank Pekao or, in each case, affiliates of such entities
<b>Mandatory Sell-Out</b>	the mandatory purchase of shares of minority shareholders by one or more majority shareholders holding more than 95% of the share capital of a company, as provided in the Luxembourg Mandatory Squeeze-Out and Sell-Out Law
<b>Mandatory Squeeze-Out</b>	the mandatory sale of shares by minority shareholders to one or more majority shareholders holding more than 95% of the share capital of a company, as provided in the Luxembourg Mandatory Squeeze-Out and Sell-Out Law
<b>MAR</b>	the Market Abuse Regulation ((EU) No 596/2014)
<b>Margin Loan</b>	a margin loan facility entered into between ML Lenders and AI Prime

<b>Margin Loan Agreement</b>	an English law margin loan facility agreement
<b>Market Reports</b>	the Company Market Study together with information obtained from the Economist Intelligence Unit, Statistics Poland, European Commission, Eurostat Bloomberg, PMR, National Bank of Poland, Gemius market survey and Customer.guru
<b>Material Companies</b>	subsidiaries in the Group with EBITDA that represents at least 5% of the Group's consolidated EBITDA
<b>MDRs</b>	the mandatory disclosure rules for cross-border tax arrangements as included in Council Directive 2011/16/EU
<b>MiFID II</b>	the EU Directive 2014/65/EU on markets in financial instruments, as amended
<b>MiFID II Product Governance Requirements</b>	the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures
<b>Minimum Net Wealth Tax</b>	the Luxembourg annual minimum net wealth tax
<b>MIP Shares</b>	certain non-voting shares in AI Prime that form part of the Group's management incentive plan
<b>ML Lenders</b>	certain banks and financial institutions that the Selling Shareholders may raise additional financing from through a Margin Loan
<b>MSOP</b>	the Management Share Ownership Plan of the Company
<b>MSOP Shares</b>	certain Shares that form part of the MSOP
<b>Net Financial Debt</b>	the sum of loans and borrowings and other financial liabilities minus cash and cash equivalents
<b>Net Leverage</b>	has the meaning ascribed thereto on p. 39 and on p. 56
<b>Net Promoter Score</b>	the (number of promoters minus number of detractors) divided by total respondents for the brand
<b>Net Working Capital</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>New Facilities</b>	the New RCF and New Term Loan collectively
<b>New Facilities Agreement</b>	an English law governed facilities agreement to be entered into by the Company on or around the date of Admission with, <i>inter alia</i> , a facility agent and security agent named therein, the Mandated Lead Arrangers, and the other financial institutions party thereto, whereby the company will enter into the New Facilities,
<b>New RCF</b>	a PLN 800.0 million (equivalent) multi-currency revolving credit facility
<b>New Term Loan</b>	a PLN 1,950.0 million term loan facility
<b>Non-Dutch Resident</b>	a holder of Shares who is not, nor deemed to be, a Dutch Resident Individual or a Dutch Resident Entity
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>Offer Period</b>	the period during which prospective investors may subscribe for the Offer Shares currently expected to commence on 21 January 2021 at 9.00 CET and end on 28 January 2021 at 14.00, subject to acceleration or extension of the timetable for the Offering
<b>Offer Price</b>	price per Offer Share to be determined on the basis of a bookbuilding process
<b>Offer Price Range</b>	the indicative price range for the Offer Shares between €14.0 to €16.0 (inclusive) per Offer Share as of the date of this Prospectus

<b>Offer Shares</b>	the Shares that will be collectively offered by the Selling Shareholders in the Offering with a nominal value of €0.01 each which includes, unless the context indicates otherwise, the Over-Allotment Shares
<b>Offering</b>	the offering of Offer Shares as described in this Prospectus
<b>Operating EBITDA</b>	has the meaning ascribed thereto on p. 36 and on p. 56
<b>Operating EBITDA Margin</b>	has the meaning ascribed thereto on p. 36 and on p. 56
<b>Operational Development Capex Poland</b>	has the meaning ascribed thereto on p. 37 and on p. 56
<b>Over-Allotment Option</b>	an option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Agent, on behalf of the Banks, may require AI Prime to sell at the Offer Price up to 15.0% of the total number of Offer Shares, to cover short positions resulting from any over-allotments made in connection with the Offering or to facilitate stabilisation transactions
<b>Over-Allotment Shares</b>	up to 26,250,000 additional Offer Shares, equalling up to 15.0% of the total number of Offer Shares, which AI Prime may be required to sell pursuant to the Over-Allotment Option
<b>Participation Exemption Regime</b>	the Luxembourg participation exemption regime
<b>PDMRs</b>	persons discharging managerial responsibilities within the Company (including the members of the Management Board and Supervisory Board)
<b>Pekao</b>	Bank Pekao and Pekao Investment Banking
<b>Pekao Investment Banking</b>	Pekao Investment Banking S.A.
<b>PFIC</b>	passive foreign investment company
<b>PLN</b>	Polish zloty, the lawful currency of Poland
<b>Polish Postal Act</b>	the Postal Act of 23 November 2012
<b>President of UKE</b>	the President of the Office of Electronic Communications ( <i>Prezes Urzędu Komunikacji Elektronicznej</i> )
<b>Pricing Agreement</b>	the pricing agreement to be signed in connection with the Offering
<b>Pricing Statement</b>	the pricing statement in which the Offer Price and the exact number of Offer Shares will be set out
<b>Prospectus</b>	this prospectus dated 20 January 2021
<b>Prospectus Regulation</b>	the Regulation EU No. 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended
<b>Publication Date</b>	20 January 2021
<b>PUDO</b>	pick-up drop-off facilities
<b>Purchased Shares</b>	the Shares purchased under the MSOP
<b>PwC Luxembourg</b>	PricewaterhouseCoopers, Société coopérative
<b>PwC Poland</b>	PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa
<b>PZU</b>	PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2
<b>QIBs</b>	qualified institutional buyers, as defined in, and in reliance on, Rule 144A

<b>Qualified Permanent Establishment</b>	(a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a capital company ( <i>société de capitaux</i> ) resident in a State having a tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a capital company ( <i>société de capitaux</i> ) or a cooperative company ( <i>société coopérative</i> ) resident in the European Economic Area other than an EU Member State
<b>Qualified Shareholding</b>	shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary having an acquisition price of at least EUR 1.2 million
<b>Qualified Subsidiary</b>	<i>inter alia</i> , (a) a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg resident capital company, fully subject to tax, and (c) a non-resident capital company ( <i>société de capitaux</i> ) liable to a tax corresponding to Luxembourg corporate income tax
<b>RCF</b>	revolving credit facilities under the Existing Senior Facilities Agreement comprising a PLN 250.0 million revolving credit facility with a termination date of 27 September 2023, being the date falling 60 months after the Closing Date
<b>Record Date</b>	midnight on the day falling 14 days prior to the date of the meeting
<b>Regulated Market</b>	a regulated market within the meaning of EU Directive 2014/65/EU on markets in financial instruments, as amended
<b>Regulation 1215/2012</b>	regulation No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters
<b>Regulation S</b>	the Regulation S under the US Securities Act
<b>Relationship Agreement</b>	the relationship agreement dated on or about the Publication Date between the Company, A&R and AI Prime
<b>Relevant Member State</b>	an EEA Member State
<b>Relevant Persons</b>	has the meaning ascribed thereto on p. 231
<b>Relevant Threshold</b>	each of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3%
<b>Reorganisation and Refinancing Transactions</b>	(i) the reorganisation of the Group through incorporation of the Company and transfer of the entire capital interest in Integer.pl to the Company in a share-for-share exchange transaction; (ii) assumption of new indebtedness by the Company and repayment of the existing facilities of the Integer Group to Bidco and other external lenders (as described in “ <i>Operating and Financial Review – Indebtedness</i> ”) as well as a repayment of share premium by the Company to Bidco, to be made on or around Admission, as described in “ <i>Selling Shareholders and Related Party Transactions – Reorganisation</i> ”) )
<b>RESA</b>	the Luxembourg legal gazette ( <i>Recueil Electronique des Sociétés et Associations</i> )
<b>Return on Investment by APM</b>	has the meaning ascribed thereto on p. 39
<b>Revenue per APM Parcel in Poland</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>Revenue per To-Door Parcel in Poland</b>	has the meaning ascribed thereto on p. 38 and on p. 56
<b>RLM</b>	refrigerated locker machine

<b>Rule 144A</b>	Rule 144A under the US Securities Act
<b>SCA</b>	the UAE Securities and Commodities Authority
<b>Second Earn-Out Amount</b>	the aggregate of: (i) the First Earn-Out Amount; plus (ii) 5% of the amount equal to the difference between: (A) the aggregate proceeds which would have been (but for the operation of the earn-out) distributed to Subco; and (B) an amount equal to 6x of the Advent Entry Costs
<b>Security Interest</b>	the granting of any security, pledges or charges
<b>Selected Competitor</b>	any of the global strategic competitors of Allegro selected in the agreement of 11 September 2020 between AI Prime and Allegro granting Allegro a right of first refusal
<b>Selection, Appointment and Remuneration Committee</b>	the selection, appointment and remuneration committee of the Supervisory Board
<b>Selling Shareholders</b>	AI Prime, FT and PZU
<b>Selling Shareholders' Lock-Up Period</b>	a period of 180 days after the Settlement Date in which the Selling Shareholders will not, except as set forth below, without the prior written consent of the Joint Global Coordinators acting on behalf of the Banks (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than pursuant to the Offering, in the manner described in the Prospectus
<b>Settlement</b>	payment (in Euros) for, and delivery of, the Offer Shares
<b>Settlement Date</b>	2 February 2021
<b>Shares</b>	the shares in the capital of the Company with a nominal value of €0.01 each
<b>SFA</b>	the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time
<b>SFO</b>	the Securities and Futures Ordinance (Cap. 571) of Hong Kong
<b>SME</b>	small and medium-sized enterprise
<b>South African Qualifying Investors</b>	(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act, and (b) selected persons, acting as principal, subscribing for Offer Shares for a total acquisition cost of ZAR 1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act, and to whom the Offering will specifically be addressed, and only by whom the Offering will be capable of acceptance
<b>Stabilisation Agent</b>	CGME
<b>Stock Lending Agreement</b>	an agreement entered into between CGME and AI Prime whereby up to a maximum of 15% of the total number of Offer Shares have been made available by the Selling Shareholders to the Stabilisation Agent
<b>Subco</b>	AI Prime (Luxembourg) Subco S.à r.l.
<b>Substantial Interest</b>	the ownership of, or certain other rights over, shares representing 5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time



	5% or more of the Company's total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit or to 5% or more of the Company's liquidation proceeds
<b>Supervisory Board</b>	the supervisory board ( <i>conseil de surveillance</i> ) of the Company
<b>Supervisory Board Rules</b>	the rules adopted by the Supervisory Board governing the Supervisory Board's decision-making process and working methods
<b>Takeover Directive</b>	the European Directive on Takeover Bids (2004/25/EC)
<b>Target Market Assessment</b>	a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
<b>Third Party Financing</b>	security provided to third parties in respect of any bilateral or syndicated facility or capital markets issuance issued or borrowed by any member of the Group to, or from, any person who is not a member of the Group
<b>TLS</b>	telesales customers
<b>TMS</b>	transport management system
<b>Transparency Directive</b>	Directive 2004/109/EC, as amended
<b>UAE</b>	the United Arab Emirates
<b>UK</b>	the United Kingdom
<b>UK MiFIR</b>	Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018
<b>UK MiFIR Product Governance Rules</b>	FCA Handbook Product Intervention and Product Governance Sourcebook
<b>UK Prospectus Regulation</b>	Regulation (EU) 2017/1129, which forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018
<b>Unaudited <i>Pro Forma</i> Financial Information</b>	the unaudited <i>pro forma</i> financial information of the Company comprising an unaudited <i>pro forma</i> statement of the financial position of the Company as of 30 September 2020 which has been prepared solely to illustrate the effect of (i) the reorganisation of the Group through incorporation of the Company and the transfer of the entire capital interest in Integer.pl to the Company in a share-for-share exchange transaction; (ii) the assumption of new indebtedness by the Company and repayment of the existing facilities of the Integer Group to Bidco and other external lenders as well as a repayment of share premium by the Company to Bidco, to be made on or around Admission
<b>Underwriters</b>	the Joint Global Coordinators, the Joint Bookrunners, Bank Pekao and ING
<b>Underwriting Agreement</b>	the underwriting agreement with respect to the offer and sale of the Offer Shares dated on or about the date of this Prospectus among the Company, the Selling Shareholders and the Banks
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>UOKiK President</b>	President of the Polish Office of Competition and Consumer Protection ( <i>Urząd Ochrony Konkurencji i Konsumentów</i> )
<b>USD, US dollars or \$</b>	US dollars, the lawful currency of the United States

<b>US Exchange Act</b>	the United States Securities Exchange Act of 1934, as amended
<b>US Securities Act</b>	the US Securities Act of 1933, as amended
<b>Utilisation Rate</b>	the percentage of an APM's utilisation (the Group considers an APM to be at 100% utilisation if each locker in the APM is used to deliver one parcel on each business day of the week (the Integer Group assumes 252 business days per calendar year for calculation purposes))
<b>VAT</b>	Value Added Tax
<b>Vice-Chairperson</b>	the Supervisory Board member that is appointed by the Supervisory Board as its vice-chairperson
<b>WHT</b>	withholding tax

# Integer.pl S.A. GROUP

## HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

for 2017-2019



Kraków, 2 December 2020 -

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 Restated*	2018 Restated*	2017 Restated*
Revenue	9.1	1,232.0	726.2	482.5
Other operating income	9.2	10.6	10.7	14.6
Depreciation and amortization	9.6	221.5	146.4	83.6
Raw materials and consumables		40.2	25.9	35.9
External services		685.6	468.2	333.5
Taxes and charges		2.3	1.7	1.5
Payroll	9.7	107.1	66.3	60.3
Social security and other benefits	9.7	27.8	12.5	12.8
Other expenses		11.3	15.3	7.7
Cost of goods and materials sold		8.6	22.4	9.8
Other operating expenses	9.3	13.1	7.7	11.4
Impairment (gain) loss on trade and other receivables	21	(3.5)	7.2	5.8
<b>Total operating expenses</b>		<b>1,114.0</b>	<b>773.6</b>	<b>562.3</b>
<b>Operating profit (loss)</b>		<b>128.6</b>	<b>(36.7)</b>	<b>(65.2)</b>
Finance income	9.4	20.9	2.5	8.2
Finance costs	9.4	62.8	54.4	46.7
Share of profits of equity-accounted investees		-	-	0.6
<b>Profit (loss) before tax</b>		<b>86.7</b>	<b>(88.6)</b>	<b>(103.1)</b>
Income tax expense (benefit)	10.1	32.7	(88.9)	6.5
<b>Profit (loss) from continuing operations</b>		<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>
<b>Loss from discontinued operations</b>	12.1	<b>(3.2)</b>	<b>(15.1)</b>	<b>(102.2)</b>
<b>Net profit (loss)</b>		<b>50.8</b>	<b>(14.8)</b>	<b>(211.8)</b>
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences from translation of foreign operations	9.5	(10.1)	(6.8)	19.8
Income tax		-	-	-
<b>Other comprehensive income, net of tax</b>		<b>(10.1)</b>	<b>(6.8)</b>	<b>19.8</b>
<b>Total comprehensive income</b>		<b>40.7</b>	<b>(21.6)</b>	<b>(192.0)</b>
<b>Net profit (loss), attributable to:</b>				
Owners of Integer		50.8	(20.3)	(184.7)
Non-controlling interests		-	5.5	(27.1)
<b>Total comprehensive income, attributable to:</b>				
Owners of Integer		40.7	(27.1)	(167.4)
Non-controlling interests		-	5.5	(24.6)
<b>Basic/diluted earnings per share (in PLN)</b>	11	<b>2.74</b>	<b>(1.09)</b>	<b>(13.86)</b>
<b>Basic/diluted earnings per share (in PLN) - Continuing operations</b>	11	<b>2.91</b>	<b>0.02</b>	<b>(7.04)</b>
<b>Basic/diluted earnings per share (in PLN) - Discontinued operations</b>	11	<b>(0.17)</b>	<b>(1.11)</b>	<b>(6.82)</b>

\* See Note 44

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2019 Restated*	31 December 2018 Restated*	31 December 2017 Restated*
<b>Non-current assets</b>		<b>1,201.5</b>	<b>904.0</b>	<b>662.1</b>
Intangible assets	13	122.0	122.8	100.6
Property, plant and equipment	14	998.0	687.4	553.2
Other receivables	18	3.2	5.9	6.3
Other financial assets	19	-	0.1	1.4
Deferred tax assets	10.3	78.1	87.8	0.1
Other assets	17	0.2	-	0.5
<b>Current assets</b>		<b>368.3</b>	<b>267.7</b>	<b>324.9</b>
Inventories	20	2.2	2.2	2.0
Other financial assets	19	2.5	0.9	0.2
Trade and other receivables	21	215.8	180.1	155.5
Income tax asset		6.2	0.1	1.1
Other assets	17	28.6	22.9	38.6
Cash and cash equivalents	22	113.0	61.5	127.5
<b>Non-current assets held for sale</b>	23	<b>-</b>	<b>5.6</b>	<b>6.8</b>
<b>TOTAL ASSETS</b>		<b>1,569.8</b>	<b>1,177.3</b>	<b>993.8</b>

\* See Note 44

EQUITY AND LIABILITIES	Note	31 December 2019 Restated*	31 December 2018 Restated*	31 December 2017 Restated*
<b>Equity</b>				
Share capital	0	18.6	18.6	18.6
Reserve capital	25	944.5	944.5	944.5
Retained earnings/ (accumulated losses)		(571.1)	(622.0)	(601.7)
Reserves		(2.4)	6.0	12.9
<b>Equity attributable to owners of Integer</b>		<b>389.5</b>	<b>347.1</b>	<b>374.3</b>
Non-controlling interests		(0.2)	(0.2)	(5.7)
<b>Total equity</b>		<b>389.3</b>	<b>346.9</b>	<b>368.6</b>
Loans and borrowings	27	613.3	398.3	196.7
Employee benefits and provisions	31	10.6	5.5	0.2
Government grants	35	11.2	8.0	10.3
Deferred tax liability	10.3	16.8	2.9	4.2
Other financial liabilities	28	124.4	79.2	58.1
Other liabilities	33	-	0.1	0.2
<b>Total non-current liabilities</b>		<b>776.3</b>	<b>494.0</b>	<b>269.7</b>
Trade and other payables	34	191.3	162.3	203.5
Loans and borrowings	27	4.9	39.7	58.2
Government grants	35	3.2	6.9	3.5
Current tax liabilities		3.4	1.1	2.5

Employee benefits and provisions	31	18.8	15.9	21.1
Other financial liabilities	28	152.3	90.0	46.1
Other liabilities	33	30.3	20.4	20.5
<b>Total current liabilities</b>		<b>404.2</b>	<b>336.3</b>	<b>355.4</b>
Liabilities directly associated with the assets held for sale	23	-	0.1	0.1
<b>TOTAL LIABILITIES</b>		<b>1,180.5</b>	<b>830.4</b>	<b>625.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,569.8</b>	<b>1,177.3</b>	<b>993.8</b>

\* See Note 44

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2019 Restated*	2018 Restated*	2017 Restated*
<b>Cash flows from operating activities</b>				
Net profit (loss)		50.8	(14.8)	(211.8)
<b>Adjustments:</b>		<b>294.8</b>	<b>112.3</b>	<b>138.0</b>
Income tax expense (benefit)	10.1	33.5	(88.6)	7.0
Finance cost/ (income)	36	40.1	42.8	30.4
(Gain)/ loss on sale of property, plant and equipment	9.2-9.3	0.5	0.5	0.5
Depreciation and amortization	9.6	221.5	147.6	94.3
Impairment losses		(2.3)	7.4	5.8
(Gain)/ loss on sale of subsidiaries		(0.2)	2.6	-
Group settled share-based payments	32	1.7	-	-
<b>Changes in working capital:</b>		<b>4.5</b>	<b>(89.6)</b>	<b>50.0</b>
Trade and other receivables	36	(30.6)	(45.9)	21.6
Inventories	36	-	(0.3)	(0.1)
Other assets	36	(2.4)	(0.1)	(1.3)
Financial liabilities other than loans and borrowings	36	22.1	(50.9)	9.0
Other liabilities		9.9	1.8	20.6
Employee benefits, provisions and contract liabilities	36	5.5	5.8	0.2
<b>Cash generated from (used in) operating activities</b>		<b>350.1</b>	<b>7.9</b>	<b>(23.8)</b>
		-	-	-
Interest paid		(43.4)	(23.6)	(20.0)
Income tax paid		(13.9)	(3.2)	-
<b>Net cash generated from (used in) operating activities</b>		<b>292.8</b>	<b>(18.9)</b>	<b>(43.8)</b>
<b>Cash flows from investing activities</b>				
Interest received		-	-	0.2
Proceeds from loans granted and investments in shares		-	0.2	0.4
Purchase of property, plant and equipment		(288.2)	(85.9)	(133.3)
Purchase of intangible assets		(31.5)	(49.8)	(20.6)
Proceeds from sale of assets held for sale		4.5	-	1.7
Government grants received		2.4	3.6	1.6
Proceeds from sale of assets in sale and lease back		25.9	11.9	49.7
<b>Net cash used in investing activities</b>		<b>(286.9)</b>	<b>(120.0)</b>	<b>(100.3)</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings	29	182.8	447.1	93.7
Repayment of principal portion of loans and borrowings	29	-	(279.7)	(32.7)
Proceeds from issue of debt financial instruments		-	-	37.9
Repayment of debt financial instruments	29	-	-	(24.7)
Payment of principal portion of lease liability	29	(136.5)	(94.1)	(39.1)
Proceeds from issue of share capital		-	-	250.4
Transaction costs related to issue of share capital		-	-	(16.2)
Transactions with shareholders		-	-	(11.3)
Payments to non-controlling interests		-	-	(10.3)
<b>Net cash generated from financing activities</b>		<b>46.3</b>	<b>73.3</b>	<b>247.7</b>

<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>52.2</b>	<b>(65.6)</b>	<b>103.6</b>
Cash and cash equivalents at 1 January		61.5	127.5	23.9
Effect of movements in exchange rates on cash held		(0.7)	(0.4)	-
<b>Cash and cash equivalents at 31 December</b>		<b>113.0</b>	<b>61.5</b>	<b>127.5</b>

\* See Note 44



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Reserves								
	Share capital	Reserve capital	Translation reserve**	Other reserve***	Retained earnings/ (accumulated losses)	Attributable to owners of Integer	Attributable to non-controlling interests	Total equity
Balance at 1 January 2017 (as previously reported)	7.8	442.0	(2.1)	-	(251.7)	196.0	151.7	347.7
Impact of correction of errors	-	-	-	-	(2.1)	(2.1)	-	(2.1)
Balance at 1 January 2017 (restated*)	7.8	442.0	(2.1)	-	(253.8)	193.9	151.7	345.6
Loss for the period	-	-	-	-	(184.7)	(184.7)	(27.1)	(211.8)
Other comprehensive income for the period	-	-	15.4	-	1.9	17.3	2.5	19.8
Total comprehensive income for the period	-	-	15.4	-	(182.8)	(167.4)	(24.6)	(192.0)
Issue of ordinary shares	10.8	502.5	-	-	-	513.3	-	513.3
Other	-	-	-	-	(11.3)	(11.3)	-	(11.3)
Disposal of subsidiaries	-	-	-	-	-	-	2.5	2.5
Change in non-controlling interest in connection with the change of the ownership structure of subsidiaries	-	-	(0.4)	-	(153.8)	(154.2)	(135.3)	(289.5)
Balance at 31 December 2017 (restated*)	18.6	944.5	12.9	-	(601.7)	374.3	(5.7)	368.6
Balance at 1 January 2018 (restated*)	18.6	944.5	12.9	-	(601.7)	374.3	(5.7)	368.6
Profit (loss) for the period	-	-	-	-	(20.3)	(20.3)	5.5	(14.8)
Other comprehensive income for the period	-	-	(6.8)	-	-	(6.8)	-	(6.8)
Total comprehensive income for the period	-	-	(6.8)	-	(20.3)	(27.1)	5.5	(21.6)
Balance at 31 December 2018 (restated*)	18.6	944.5	6.0	-	(622.0)	347.1	(0.2)	346.9

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	Reserves					Total equity
	Share capital	Reserve capital	Translation reserve**	Other reserve***	Retained earnings/ (accumulated losses)	
<b>Balance at 1 January 2019 (restated*)</b>	<b>18.6</b>	<b>944.5</b>	<b>6.0</b>	<b>-</b>	<b>(622.0)</b>	<b>346.9</b>
Profit for the period	-	-	-	-	50.8	50.8
Other comprehensive income for the period	-	-	(10.1)	-	-	(10.1)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(10.1)</b>	<b>-</b>	<b>50.8</b>	<b>40.7</b>
Share based payment (equity settled)	-	-	-	1.7	-	1.7
<b>Balance at 31 December 2019 (restated*)</b>	<b>18.6</b>	<b>944.5</b>	<b>(4.1)</b>	<b>1.7</b>	<b>(571.1)</b>	<b>389.3</b>

\* See Note 44

\*\* Translation reserve includes exchange differences from translation of foreign operations.

\*\*\* Other reserve includes share based payment.

## NOTES AND EXPLANATIONS

### TO THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

#### 1. Statement of compliance

The accompanying statements of financial position, as of December 31, 2019; December 31, 2018 and as of December 31, 2017, as well as the related consolidated statements of comprehensive income, changes in equity, and cash flows for the financial years ended December 31, 2019; December 31, 2018 and December 2017 along with the related notes (collectively, the "historical consolidated financial information") have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (hereinafter referred to "IFRS").

The IFRS consist of standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee.

The Management Board of Integer.pl S.A. declares that according to its best judgement this historical consolidated financial information have been prepared in accordance with accounting principles currently in force, and gives a true, and fair view of the consolidated financial position of the Integer.pl S.A. Group as at December 31, 2019; December 31, 2018 and December 2017 and of its consolidated financial performance and consolidated cash flows for the years then ended..

Significant accounting policies applied by the Group as the basis for the preparation of this historical consolidated financial information are described in Note 6. These policies have been consistently applied to all periods presented in this historical consolidated financial information, except for the accounting policies arising from the application of IFRS 15, IFRS 9 and IFRS 16, which were adopted by the Group with effect from January 1, 2018. For a description of the main changes introduced by the above standards and their impact on the historical consolidated financial information of the Group, please see Note 5.

#### 2. Additional information and explanations

##### 2.1. General information about the Integer.pl S.A. Group and its Parent

Integer.pl S.A. Group ("the Group"; "Integer Group", "Integer.pl Group") is composed of Integer.pl S.A. ("the Parent", "Integer") and its subsidiaries. Integer.pl S.A. is located in Kraków at ul. Wielicka 28 in Poland. Integer is a joint-stock company incorporated by a notarized deed on March 19, 2007. Prior to that, Integer was a limited liability company established by a notarial deed on December 9, 2002.

The Parent has been entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Kraków-Śródmieście, 11th Business Division of the National Court Register, under number 0000276519. The lifetime of the Parent and the companies in the Group is unlimited.

The core business of the Integer.pl Group includes the following: automatic parcel machines, courier services, production and sale of automatic parcel machines, research and development, internet portals, data processing, website management (hosting), and investment holding activities including management of the Integer.pl Group.

### **Composition of the Management Board**

As at December 31, 2019, the composition of the Management Board of Integer was as follows:

- Rafał Brzoska – President of the Management Board;
- Marcin Pulchny – Vice President of the Management Board;
- Adam Aleksandrowicz – Vice President of the Management Board;
- Dariusz Lipiński – Vice President of the Management Board.

On February 1, 2020 Damian Niewiadomski was appointed as Vice President of the Management Board, this change was registered with the National Court Register on March 6, 2020.

On April 23, 2020 Marcin Rosati was appointed as Vice President of the Management Board, this change was registered with the National Court Register on June 23, 2020.

Marcin Rosati resigned from the position of Vice-President of the Management Board with effect from September 2, 2020.

### **Investment agreement between Integer.pl S.A. and Al Prime Bidco S.a.r.l.**

The investment agreement between Integer.pl S.A. and Al Prime Bidco S.a.r.l. (the "Investor") was concluded on February 24, 2017. The investment agreement related a joint investment of the Investor in Integer and its subsidiaries.

On the basis of the investment agreement, the parties to the agreement undertook to announce tender offer for the sale of all Integer's shares and to abolish the dematerialisation of Integer's shares and, as a consequence, transform it into a non-public company ("Delisting").

Moreover, based on that agreement Rafał Brzoska undertook to remain involved in Integer after Delisting and further support its development.

According to the investment agreement:

- the Investor purchased 3,980,364 (42%) shares in InPost S.A.,
- minority shareholders of EasyPack Sp. z o.o. contributed their shares in EasyPack Sp. z o.o. to Integer.pl S.A..

On April 24, 2017, the positive result of the tender offer for the sale of shares in Integer.pl S.A. was announced. This was one of the provisions of the investment agreement between Rafał Brzoska and Al Prime Bidco S.à r.l..

On June 27, 2017, the Extraordinary General Meeting of Integer adopted a resolution to increase Integer's share capital from the amount of PLN 7.8 million by the amount of PLN 10.8 million by issuing of N, O and P series of registered shares. Shares of series O shares were fully covered by a non-cash contribution in the form of 4,854,360 ordinary shares of InPost S.A. in the total amount of PLN 50.5 million. P series shares were fully covered by a non-cash contribution in the form of 179,452 shares in InPost Paczkomaty Sp. z o.o. (previously EasyPack Sp. z o.o.) in the total amount of PLN 228.7 million. Series N shares were fully covered by a cash contribution of PLN 250.4 million.

On March 26, 2020, the Extraordinary General Meeting adopted a resolution to redeem 1,030,085 O-series shares in the amount of PLN 89.2 million. Pursuant to the resolution, payment for the redeemed shares should be made by March 31, 2021.

## 2.2. Composition of the Group

This historical consolidated financial information of the Integer.pl S.A. Group includes the financial information of the Parent, which is Integer.pl S.A. and of 4 direct subsidiaries and 9 indirect subsidiaries of Integer.pl S.A. and 1 affiliate.

The parent company is AI Prime (Luxembourg) Bidco S. a r.l. based in Luxembourg, which holds 100% of the shares of Integer.pl S.A. AI Prime Bidco S.a r. l. is controlled by Advent International Corporation with its registered office in Boston (USA).

The composition of the Group is presented below:

	Entity name	Seat	Functional Currency	Shareholders as at 31 December 2019	Interest in the share capital as at		
					31 December 2019	31 December 2018	31 December 2017
	Direct subsidiaries						
1	InPost Paczkomaty Sp. z o.o. (prev. EasyPack Sp. z o.o.)	Poland	PLN	Integer.pl S.A.	100%	100%	100%
2	Integer Group Services Sp. z o.o. (prev. Integer.pl Inwestycje Sp. z o.o.)	Poland	PLN	Integer.pl S.A.	38,35%	31,37%	31,37%
				InPost Paczkomaty Sp. z o.o.	61,65%	68,63%	68,63%
3	M.P.S.L. Modern Postal Services Ltd (prev. Integer EU Ltd.)	Cyprus	EUR	Integer.pl S.A.	100%	100%	100%
4	InPost do Brasil logistica e locacao de equipamentos LTDA	Brazil	BRL	Integer.pl S.A.	99%	99%	99%
	Indirect subsidiaries						
5	InPost Sp. z o.o. (prev. InPost Express Sp. z o.o.)	Poland	PLN	Integer Group Services Sp. z o.o.	100%	100%	100%
6	InPost S.A.	Poland	PLN	99,42% - Inpost Sp. z o.o. 0,58% - M.P.S.L. Modern Postal Services Limited	100%	100%	100%
7	InPost France SAS	France	EUR	InPost Paczkomaty Sp. z o.o.	100%	100%	100%



8	Locker InPost Italia Srl	Italy	EUR	InPost Paczkomaty Sp. z o.o.	100%	100%	100%
9	Granatana Limited	Cyprus	EUR	InPost Paczkomaty Sp. z o.o.	100%	100%	100%
10	Giverty Holding Limited	Cyprus	EUR	Granatana Limited	100%	100%	100%
11	InPost UK Limited	United Kingdom	GBP	InPost Paczkomaty Sp. z o.o.	100%	100%	100%
12	InPost Malaysia	Malaysia	RM	InPost Paczkomaty Sp. z o.o.	100%	100%	100%
13	InPost Hungary Kft	Hungary	HUF	InPost Paczkomaty Sp. z o.o.	100%	100%	100%
<b>Subsidiaries merged/ liquidated in 2019</b>							
14	InPost Finanse Sp. z o.o.	Poland	PLN	X	merged	100%	100%
15	InPost Australia Pty Ltd.	Australia	AUD	X	liquidation	100%	100%
16	E-Solutions LLC	Russia	RUB	X	liquidation	99%	99%
<b>Subsidiaries merged/ liquidated/disposed of in 2018</b>							
17	Verbis Alfa Sp. z o.o.	Poland	PLN	X	-	merged	100%
18	Verbis 2 Sp. z o.o.	Poland	PLN	X	-	merged	100%
19	Verbis 2 Sp. z o.o. S.K.A.	Poland	PLN	X	-	merged	100%
20	InPost Norway AS	Norway	EUR	X	-	liquidation	100%
21	E-commerce Innovations SL	Spain	EUR	X	-	liquidation	100%
22	Postal Terminals s.r.o.	Slovakia	EUR	X	-	liquidation	55%
23	EasyPack Far East Ltd	China Hongkong	CNY	X	-	liquidation	55%
24	Postal Terminals CZ S.r.o.	Czechia	CZK	X	-	disposal	55%
<b>Subsidiaries merged/ liquidated/disposed of in 2017</b>							
25	Integer Ukraine LLC	Ukraine	UAH	X	-	-	disposal
26	POSTA 24	Ukraine	UAH	X	-	-	disposal
27	EasyPack Russia LLC	Russia	RUB	X	-	-	disposal
28	Inpost Canada Inc.	Canada	CAD	X	-	-	loss of control
29	InItTec Sp. z o.o.	Poland	PLN	X	-	-	merged

30	Integer Group Services sp. z o.o.	Poland	PLN	X	-	-	merged
31	OneClick Investment sp. z o.o.	Poland	PLN	X	-	-	merged
32	InTicket sp. z o.o.	Poland	PLN	X	-	-	merged
33	Dyskontownia.pl sp. z o.o. (prev: Towaroteka sp. z o.o.)	Poland	PLN	X	-	-	merged
34	Neoclick sp. z o.o.	Poland	PLN	X	-	-	merged
35	4M Technology sp. z o.o.	Poland	PLN	X	-	-	merged
<b>Affiliates</b>							
37	Easypack Plus Self-Storage LLC	United Arab Emirates	AED	50% - InPost Paczkomaty Sp. z o.o.	50%	50%	50%
38	Pralniomaty Sp. z o.o.	Poland	PLN	X	liquidation	20%	20%
39	InQubit Sp. z o.o.	Poland	PLN	X	-	liquidation	49%
40	TisaK InPost LLC	Croatia	HRK	X	-	disposal	50%

Below we present a summary of the main changes in the composition of the Group in the years 2017-2019

#### Changes of the Group in 2019:

- Integer EU Ltd. changed its name to M.P.S.L. MODERN POSTAL SERVICES LIMITED,
- InPost Express Sp. z o.o. changed its name to InPost Sp. z o.o.,
- InPost Finanse Sp. z o.o. was merged with Integer Group Services Sp. z o.o. on November 29, 2019 by transferring all the assets and liabilities InPost Finanse Sp. z o.o. to Integer Group Services Sp. z o.o.,
- InPost Finanse Sp. z o.o. was removed from the list of Financial Institutions,
- Pralniomaty Sp. z o.o., InPost Australia Pty Ltd and E-Solutions LLC were liquidated.

#### Changes of the Group in 2018:

- EasyPack Far East Ltd (HK), E-commerce Innovations SL (E), Postal Terminals s.r.o. (SK), InQubit sp. z o.o., In Post Norway (AS) were liquidated,
- Tisak InPost LLC and Postal Terminals CZ s.r.o. was disposed of,
- Verbis Alfa sp. z o.o., Verbis 2 sp. z o.o., Verbis 2 sp. z o.o. S.K.A. were merged with by InPost Paczkomaty sp. z o.o.

#### Changes of the Group in 2017:

- Easypack Russia LLC (Russia), Postha24 LLC (Ukraine), Integer Ukraine LLC (Ukraine) and PGP S.A. (PL) were disposed of,
- The Group lost control of InPost Canada Inc. (Canada),
- AQ-TECH Sp. z o.o., OneClick Investment Sp. z o.o., InTicket Sp. z o.o., Dyskontownia.pl Sp. z o.o., Neoclick Sp. z o.o., 4M Technology Sp. z o.o. were acquired and merged with Integer.pl S.A.,

- Inittec Sp. z o.o., InSupport Center Sp. z o.o. and Integer Group Services Sp. z o.o. were merged with Integer.pl Inwestycje Sp. z o.o.,
- EasyPack Sp. z o.o. (InPost Paczkomaty Sp. z o.o.) was merged with InPost Paczkomaty Sp. z o.o.
- Integer.PL Inwestycje Sp. z o.o. changed its name to Integer Group Services Sp. z o.o.,
- Polska Grupa Poczta S.A. was disposed of.

### 2.3. Acquisition of non-controlling interests in 2017

On February 22, 2017 the Group acquired 2,7% of the shares in Integer.pl Inwestycje Sp. z o.o from a minority shareholder – Badenhop. The acquisition price was PLN 8.0 million and was paid in cash.

Acquisition of 2.7% of the shares in Integer.pl Inwestycje Sp. z o.o	
Interest in subsidiary's share capital after transaction	100%
Carrying amount of acquired non-controlling shares	1.2
Acquisition price	8.0
<b>Increase/(Reduction) in equity attributable to owners of Integer, including:</b>	<b>(6.8)</b>
Retained earnings (losses)	(6.8)
Translation reserve	-

On June 28, 2017 as part of realization of the investment agreement described in Note 2.1. the Group acquired shares in InPost S.A. and Easy Pack Sp. z o.o. from minority shareholders in exchange for newly issued ordinary shares of Integer.pl S.A. As a result of the transactions the Group's interest in the subsidiaries' share capital increased to 100%. The entities were controlled before and after the transaction.

Acquisition of 42% of the shares in InPost S.A.	
Interest in subsidiary's share capital after transaction	100%
Carrying amount of acquired non-controlling shares	(19.1)
Acquisition price	52.8
<b>Increase/(Reduction) in equity attributable to owners of Integer, including:</b>	<b>(71.9)</b>
Retained earnings (losses)	(71.9)
Translation reserve	-

Acquisition of 44.6% of the shares in Easy Pack Sp. z o.o.	
Interest in subsidiary's share capital after transaction	100%
Carrying amount of acquired non-controlling shares	153.1
Acquisition price	228.7
<b>Increase/(Reduction) in equity attributable to owners of Integer, including:</b>	<b>(75.6)</b>
Retained earnings (losses)	(75.1)
Translation reserve	(0.5)

## 2.4. Basis for consolidation

This historical consolidated financial information comprises the financial statements of Integer.pl S.A. and its subsidiaries.

### **Business combinations**

The Group accounts for business combinations by applying the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition and the identifiable net assets acquired are generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Integer.pl S.A. Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the historical consolidated financial information from the date on which control commences until the date on which control ceases.

### **Non-controlling interests**

Non-controlling interests ("NCI") are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Integer.pl S.A. Group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with shareholders.

### **Loss of control**

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any gain or loss arising as a result of the loss of control is recognized in profit or loss.

### **Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the historical consolidated financial information include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence ceases.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses are also eliminated, unless there is evidence of impairment of the transferred asset.

The accounting principles applied by the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

### **3. Foreign currency**

#### **3.1. Functional and presentation currency**

Polish zloty (PLN) has been used as the presentation currency of this historical consolidated financial information and is the functional currency of the Parent and the Group's subsidiaries, with the exception of foreign operations as indicated in the Note 2.2.

All figures in this historical consolidated financial information are in PLN million, unless stated otherwise.

For purposes of preparing the historical consolidated financial information in the presentation currency of Integer Group, i.e. in PLN, individual items of financial statements of foreign operations whose functional currencies are other than PLN are translated in the following manner:

- i. assets and liabilities – at the closing rate, i.e. at the average exchange rate for that currency announced by the National Bank of Poland ("NBP") at the end of the reporting period,
- ii. items of the statement of comprehensive income and the statement of cash flows - at the arithmetical average of average exchange rates announced for a given currency by the NBP at the end of each month.

The Group have granted long-term loans that are receivable from foreign operations. Where the Group assessed that settlement of long-term loans granted to foreign operations is neither planned nor likely to occur in the foreseeable future, they are accounted as part of the Group's net investment in that foreign operation.

Exchange differences from the translation of foreign operations are recognized in other comprehensive income as a translation reserve, except to the extent that the translation difference is attributable to NCI.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified from equity to profit or loss as part of gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

#### **3.2. Reporting foreign currency transactions**

Foreign currency transactions at initial recognition are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate at the reporting date. For entities whose functional currency is PLN the closing rate is the average exchange rate published for the currency by the NBP as at that

date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences are recognized in profit or loss and presented within finance costs/income, except for exchange differences from the translation of foreign operations.

#### **4. Discontinued operation**

A discontinued operation is a component of the Group's operations, for which cash flows and operations can be distinguished from the rest of the Group's operations and additionally:

- it constitutes a separate major line of business or geographical area of activity,
- is a part of a single, coordinated plan to dispose of a separate major line of business or geographical areas of operations, or
- is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinued at the earlier of disposal or when it meets the criteria to be classified as held for sale.

The results of discontinued operations are presented separately from results of continued operations in all periods presented in the historical consolidated financial information. If an operation is classified as discontinued, the prior statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the earliest period presented.

#### **5. New standards or amendments and forthcoming requirements**

New standards issued by the International Accounting Standards Board ("IASB") and approved for use in the European Union (EU) are presented below:

**Standards and interpretations approved by IASB and have come into a force for the financial periods starting from January 1, 2019:**

- Amendments to IAS 19 on plan amendment, curtailment or settlement,
- Amendments to IAS 28 on long-term interests in associates and joint ventures,
- IFRIC 23 interpretation on uncertainty over income tax treatments,
- Annual Improvements to IFRSs 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23),
- Amendments to IFRS 9 on prepayment features with negative compensation.

The aforementioned standards, amendments to standards and interpretations were adopted for use by the European Union and did not have a significant impact on the Group's accounting policy or on the historical consolidated financial information for 2019.

**Standards and interpretations approved by IASB and have come into a force for the financial periods starting from January 1, 2018:**



- IFRS 16 Leases,
- IFRS 15 Revenue from Contracts with Customers,
- IFRS 9 Financial Instruments,
- Amendments to IFRS 2 on classification and measurement of share-based payment transactions,
- Amendments to IFRS 4 on applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts,
- Amendments to IAS 40 on transfers of investment property to other asset groups,
- Clarifications to IFRS 15 Revenue from Contracts with Customers,
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28),
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The aforementioned standards, amendments to standards and interpretations were adopted for use by the European Union and with the exception of IFRS 16, IFRS 15 and IFRS 9 did not have a significant impact on the Group's accounting policy or on the historical consolidated financial information for 2018 and 2019. The Group adopted IFRS 9 and IFRS 15 in 2018 – details are presented in Notes 5.1 and 5.2, respectively. Moreover, in 2018 the Group early adopted IFRS 16– details are presented in Note 5.3.

**Standards and interpretations approved by IASB and have come into a force for the financial periods starting from January 1, 2017:**

- Amendments to IAS 7 on disclosure initiative,
- Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses,
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12).

The aforementioned standards, amendments to standards and interpretations were adopted for use by the European Union and did not have a significant impact on the Group's accounting policy or on the historical consolidated financial information for the periods 2017-2019.

**Standards, amendments to standards and interpretations approved by IASB which have been endorsed by the EU but are not yet effective (for annual periods starting from January 1, 2019):**

Standard	Specification	Effective date
Amendments to References to the Conceptual Framework in IFRS	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. The changes were made to support the transition to updated conceptual assumptions for entities that develop accounting principles using conceptual assumptions, as no IFRS standards apply to the transaction.	January 1, 2020
Revised IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material</i>	The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	January 1, 2020
Amendments to IFRS 9 <i>Financial Instruments</i> ,	The amendments are mandatory and apply to all hedging relationships directly affected by uncertainties related to the	January 1, 2020

IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and IFRS 7 <i>Financial Instruments: Disclosure: Interest rate Benchmark Reform</i>	IBOR reform. The amendments provide temporary relief from applying specific hedge accounting requirements to the hedging relationships with the effect that IBOR reform should not generally cause hedge accounting to terminate. The key reliefs provided by the amendments relate to: <ul style="list-style-type: none"> <li>▪ "highly probable" requirement,</li> <li>▪ risk components,</li> <li>▪ prospective assessment,</li> <li>▪ retrospective effectiveness test (for IAS 39),</li> <li>▪ recycling of the cash flow hedging reserve.</li> </ul>	
Amendments to IFRS 3 <i>Business combinations</i>	The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.	January 1, 2020
Amendment to IFRS 16 <i>Leases</i> (COVID-19-Related Rent Concessions)	The amendment provides an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.	June 1, 2020

The Management Board of the Parent expects, that the new standards and interpretations as well as changes to the existing standards adopted by the EU, but not yet effective for annual periods beginning on January 1, 2019, will not have a significant impact on the Group's consolidated financial statements.

**Standards, amendments to standards and interpretations issued by IASB and awaiting approval by the European Union:**

Standard	Description	Effective date
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (Sale or transfer of assets between the Investor and an Affiliated Company or Joint Venture)	The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that: <ul style="list-style-type: none"> <li>• a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while</li> <li>• a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</li> </ul>	The European Commission made the decision to postpone approval of these changes indefinitely.
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	The amendments are the second part of the two-phase project on Interest Rate Benchmark Reform. The changes will enable entities to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative risk free rates (RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.	January 1, 2021
Amendments to IAS 37 <i>Provisions, contingent liabilities and contingent assets</i> (Onerous)	The amendments specify that the costs of fulfilling a contract comprise the costs that relate directly to the contract. They can be either incremental costs of fulfilling a contract or an	January 1, 2022

Contracts – Cost of Fulfilling a Contract)	allocation of other costs that relate directly to fulfilling that contract.	
Annual Improvements to IFRS Standards 2018-2020	Related to the following IFRSs:  IFRS 1 (subsidiary as a first-time adopter), IFRS 9 (fees in the 10 per cent test for derecognition of financial liabilities), IFRS 16 (lease incentives), IAS 41 (taxation in fair value measurements).	January 1, 2022
Amendments to IAS 16 <i>Property, plant and equipment</i> (Proceeds before intended use)	The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss.	January 1, 2022
Amendments to IFRS 3 <i>Business Combinations</i> (Reference to the Conceptual Framework)	The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that for some types of liabilities and contingent liabilities an entity applying IFRS 3 should instead refer to IAS 37.	January 1, 2022
Amendments to IAS 1 <i>Presentation of Financial Statements</i> (Classification of liabilities as current or non-current)	The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the entity's right to defer settlement at the end of the reporting period. The entity's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.	January 1, 2023
IFRS 17 <i>Insurance Contracts</i>	IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given the entities dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches.  IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost. The Group's activities do not fall within the scope of IFRS 17.	January 1, 2023, early application permitted

The Management Board of the Parent expects, that the new standards and interpretations as well as changes to the existing standards, which are pending approval by the EU, will not have a significant impact on the Group's financial statements.

## 5.1. First time adoption of IFRS 9 Financial instruments in 2018

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The first-time adoption of IFRS 9 at the Group follows the modified retrospective method, which means that prior-period information is not restated; this continues to be presented in accordance with IAS 39.

Adjustments resulting from initial application of IFRS 9 included solely re-classifications of financial assets and liabilities in accordance with IFRS 9 guidance. The impact of the initial application of IFRS 9 did not have a significant impact on the Group's retained earnings, statement of comprehensive income or statement of financial position.

For a description of the accounting policy applied by the Group to financial instruments, see Note 6.6.

The nature of changes IFRS 9 introduced relevant for the Group and their impact on the Group's historical consolidated financial information s are described below:

### Classification and measurement of financial instruments

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

In accordance with IFRS 9 financial instruments are classified to the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

Since categories of financial assets identified in IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") cannot be directly translated into those identified in IFRS 9, the Group has developed a method of classification of financial assets which sets out the terms of the SPPI and the business model tests.

On such basis the Group carried out the business model and SPPI tests for all material financial assets as at January 1, 2018 and then applied this retrospectively to those financial assets that were not derecognized before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at moment of the initial recognition of the assets.

The analysis revealed that a considerable portion of financial assets presented in the table below generates cash flows corresponding solely to the repayment of principal and interest and they are maintained under a business model based solely on the generation of cash flows, which translates into their classification as financial assets measured at amortized

cost. Therefore, the method of subsequent measurement remained the same as it was under IAS 39 the classification and measurement requirements of IFRS 9 did not have a significant impact on the Group.

A key change in the classification and measurement of the Group's financial assets, was the reclassification of trade receivables subject to non-recourse factoring arrangements. Previously they were classified as Loans and receivables. The Group assessed that these receivables give rise to cash flows representing solely payments of principal and interest but are held within a selling business model (instead of held to collect). Therefore trade receivables subject to non-recourse factoring arrangements are now classified and measured as fair value through profit or loss. This adjustment did not have a significant impact on the Group's retained earnings or statement of comprehensive income.

Trade receivables not subject to the factoring arrangements are classified and measured at amortized cost.

The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The effect of implementation of IFRS 9 on change in the classification and measurement of the Group's financial assets as at January 1, 2018 is presented below.

	Classification under IAS 39	Classification under IFRS 9	Carrying amount per IAS 39 – as at 31 December 2017	Carrying amount per IFRS 9 – as at 1 January 2018
<b>Financial assets</b>				
Derivative instruments (not covered by hedge accounting)	At fair value through profit or loss – held for trading	At fair value through profit or loss	-	-
Trade receivables designated to be transferred under non-recourse factoring	Loans and receivables	At fair value through profit or loss	10.4	10.4
Trade receivables and other receivables	Loans and receivables	At amortized cost	93.1	93.1
Other financial receivables	Loans and receivables	At amortized cost	20.4	20.4
Loans granted	Loans and receivables	At amortized cost	1.6	1.6
Cash and cash equivalents	Loans and receivables	At amortized cost	127.5	127.5

	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39 – as at 31 December 2017	Carrying amount under IFRS 9 – as at 1 January 2018
<b>Financial liabilities</b>				
Derivative instruments (not covered by hedge accounting)	At fair value through profit or loss	At fair value through profit or loss	0.1	0.1
Loans and borrowings	Other financial liabilities	Other financial liabilities	254.9	254.9
Trade and other payables	Other financial liabilities	Other financial liabilities	203.5	203.5
Factoring liabilities	Other financial liabilities	Other financial liabilities	1.5	1.5

### Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Group reconsidered impairment losses of the Group's trade receivables, as they are key financial assets held. As a result of IFRS 9 adoption, the Group applied a simplified approach in calculating ECL.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Based on the methodology adopted, the Group considers a financial asset in default when contractual payments are 60 days past due. An individual assessment of the trade receivables was also performed resulting in 100% expected credit loss allowance for the receivables: past due for more than 1 year, subject to legal proceedings, debtors in bankruptcy or liquidation and receivables from debtors in the case of dismissal of an application bankruptcy, if the debtor's assets are not sufficient to satisfy the costs of the bankruptcy proceedings.

Due to the nature and loss patterns (including e.g. coverage by letters of credit or other forms of credit insurance) of trade receivables coupled with the previous impairment methodology applied by the Group and current conditions and forecasts of future economic conditions, the level of the trade receivable allowance in accordance with IFRS 9 approximates the allowance previously recognized by the Group as of January 1, 2018. Consequently no adjustment to the Group's retained earnings was recognized as a result of IFRS 9 adoption.

## **5.2. First time adoption of IFRS 15 Revenue from contract with customers in 2018**

The Group applied IFRS 15 *Revenue from contract with customers* ("IFRS 15") from January 1, 2018, applying the modified retrospective approach with the cumulative effect of the first time application of the standard as an adjustment of the opening balance of retained earnings in 2018. However, based on the analyses performed the Group determined that the impact of



IFRS 15 implementation on amounts presented in the historical consolidated financial information was not significant and therefore no adjustments were recognised.

The standard specifies how and when to recognize revenue and requires more informative, relevant disclosures. The standard replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, IFRIC 18 *Transfer of Assets from Customers* and a number of interpretations concerning revenue recognition.

The key principles introduced by IFRS 15 Revenue from Contracts with Customers are:

- five steps of revenue recognition: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to each performance obligation; and recognize revenue when (or as) the entity satisfies a performance obligation;
- revenue is recognized when (or as) the entity satisfies the performance obligation;
- the transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised assets or services to a customer, excluding amounts collected on behalf of third parties.

IFRS 15 Revenue from Contracts with Customers requires significantly extended disclosures regarding sales and revenue to enable users of financial statements to understand the nature, timing, amount as well as risk and uncertainty of revenue and cash flows arising from contracts with customers. In particular, an entity has to disclose quantitative and qualitative information about: its contracts with customers, its material judgments and estimates and capitalized costs of contract acquisition and performance.

In order to assess the impact of IFRS 15 implementation on the historical consolidated financial information the Group analysed terms and conditions of contracts for products and services provided to customers in terms of the requirements of the five step revenue recognition model. Revenue of the Group is recognized mainly in relation to provision of courier services ie. delivery of parcels to recipients or to automatic parcel machines. Therefore, from the perspective of IFRS 15 implementation, the Group's key considerations were:

- determination of whether products and services meet the definition of performance obligations,
- determination of the components of the transaction price,
- determination of whether transaction price needs to be reallocated between various services, and
- at what point in time control over service is transferred to customers.

Based on the analysis performed it was determined that the implementation of IFRS 15 did not result in changes in recognition of revenue from contracts with customers.

For a description of the accounting policy applied by the Group for revenue recognition, see Note 6.13.

### 5.3. First time adoption of IFRS 16 Leases in 2018

The Group early adopted IFRS 16 Leases ("IFRS 16") from January 1, 2018. IFRS 16 has been implemented applying the modified retrospective approach, presenting the cumulative effect of initial application of the standard as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparative information.

#### Operating leases

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under

IFRS 16, the Group recognized right-of-use assets ("RoU") and lease liabilities for most leases – i.e. the leases are on-balance sheet. As a result of IFRS 16, for 2018 and subsequent periods, amortization and lease interest costs increased and at the same time other costs decreased in the consolidated statement of comprehensive income.

At the date of initial application, for leases previously classified as operating lease according to IAS 17, the Group recognised RoU in the amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application, according to par. C8.b.ii) of IFRS 16.

Additionally, the Group used the following practical expedients, to leases previously classified as operating leases according to IAS 17 when applying IFRS 16 for the first time:

- a single discount rate to a portfolio of leases with reasonably similar characteristics,
- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease,
- not to recognise right-of use assets and lease liabilities for leases for which the lease term ends within 12 months of the date of initial application (due to the fact that the benefits of reporting the information are not likely to justify the costs incurred to provide and use that information).

#### Finance leases

For leases that were previously classified as finance leases under IAS 17, the carrying amount of the right-of -use asset and lease liability at January 1, 2018 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The effect of IFRS 16 implementation on the Group's historical consolidated financial information is presented below, including key assumptions applied:

<b>Lease liabilities</b>	<b>1 January 2018</b>
<b>Minimum Operating lease commitment as at 31 December 2017 as disclosed in the Group's historical consolidated financial information</b>	<b>25.3</b>
Increase resulting from IFRS 16 first time adoption	40.2
<b>Lease liabilities at 1 January 2018</b>	<b>65.5</b>
<b>Finance lease liabilities as at 31 December 2017</b>	<b>102.7</b>
<b>Lease liabilities recognized at 1 January 2018</b>	<b>168.2</b>

<b>Right of use asset</b>	<b>1 January 2018</b>
<b>Carrying amount of property, plant and equipment in finance lease under IAS 17 as at 31 December 2017</b>	<b>145.2</b>
Right of use assets recognized under IFRS 16	65.5
Prepaid/accrued lease payments as at 31 December 2017	-
<b>Total Right of use asset as at 1 January 2018</b>	<b>210.7</b>

As a result of IFRS 16 implementation the opening balance of retained earnings was not adjusted.

The below table presents the weighted average discount rates applied for initial measurement of leases recognized at January 1, 2018 as a result of IFRS 16 implementation:

Weighted average discount rates, disaggregated by lease term	PLN	EUR
up to 12 months	6.01%	3.89%
1-3 years	6.21%	4.22%
3-5 years	6.79%	4.36%
5-7 years	6.95%	4.75%
7-10 years	7.40%	5.15%
over 10 years	7.45%	5.53%

For description of the accounting policy applied by the Group to leases, see Note 6.12.

## 6. Significant accounting policies

### 6.1. Basis of preparation

This historical consolidated financial information was prepared under the assumption that the Group will continue to operate on a going concern basis in the foreseeable future. As at the date of approval of the historical consolidated financial information there is no evidence indicating that the Group will not be able to continue its business activities on a going concern basis, apart from discontinued operations described in Note 4.

The historical consolidated financial information of Integer.pl Group have been prepared on a historical cost basis, except for certain financial instruments, which are measured at a fair value.

### 6.2. Use of judgements and estimates

In preparing this historical consolidated financial information, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The summary of judgements and estimates with references to respective notes is presented in the below table:

Note	Title	Use of judgement and estimates
6.3; 14	Property, plant and equipment	X
6.4; 13	Intangible assets	X
6.16; 10	Deferred tax assets	X
6.7; 21; 40; 41	Trade and other receivables	X
6.11.1; 31	Provisions and employee benefits	X
6.12; 15	Leases	X

### 6.3. Property, plant and equipment

The most important property, plant and equipment of the Group are machinery and equipment ie. automatic parcel machines, as well as assets under construction i.e. parts of automatic parcel machines that are in the process of completion or assembled and are not yet installed.

Property, plant and equipment is recognized at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Government grants obtained to purchase property, plant and equipment are recognized in the consolidated statement of financial position as deferred income and are subsequently recognized in profit or loss (as other operating income) on a straight line basis over the average depreciation period of the respective item of property, plant and equipment.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Subsequent expenditures that are capitalized by the Group to property, plant and equipment are mainly related to spare parts and extensions of automatic parcel machines that are installed when utilization of the machine is close to its maximum technical capabilities. Maintenance and repair costs incurred after commencement of depreciation are recognized in profit or loss.

When substantially all activities necessary to prepare an asset under construction for its intended use are completed it is reclassified to other class of property, plant and equipment according to the nature of that item and depreciation is commenced.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

Impairment losses and subsequent reversals are recognized in profit or loss in other operating expense (income).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss and presented within other operating income/expenses

#### Key judgements, assumptions and estimation uncertainties

##### Borrowing costs

The Group incurs borrowing costs. However, the Group assessed that the time necessary to assemble and install automatic parcel lockers is relatively short and they are not to be treated as the qualifying asset for capitalization of borrowing costs, therefore respective borrowing costs incurred by the Group are recognized in profit or loss.

##### Depreciation

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

The estimated useful lives of property, plant and equipment for all presented periods are as follows:

Type:	Period:
Buildings	10 - 40 years
Technical equipment and machines	8 - 10 years
<i>Automatic parcel machines</i>	<i>10 years</i>
Vehicles	5 years
Other	2 - 5 years

The above specified useful lives relate to new items. For used items, the remaining useful lives are estimated on an individual basis.

#### Impairment losses

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired or whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. In assessing whether there is any indication that an asset may be impaired, the Group consider internal and external sources of information. Recoverable amount is determined for individual assets or cash-generating units ("CGU"). The Group determines separate CGUs for operations in Poland and for foreign operations. Information about impairment testing for the Group's cash generating units is disclosed in Note 14.

#### **6.4. Intangible assets**

The Group identifies the following categories of intangible assets: development costs, software (including internally developed), trademarks, other intangibles and intangible assets in progress.

Development cost relate to capitalized expenditure incurred on product design of so-called refrigerated locker machines and banking parcel machines and development of business processes for providing courier and logistics services.

Under trademarks the Group recognizes trademarks that were acquired. Software includes licenses and software used in the Group's business operations, both internally developed and acquired.

An intangible asset is recognized if it is probable that the expected future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets are initially recognized at cost. For intangible assets acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

The Group assessed that the useful lives of all its intangible assets are finite, therefore they are amortized. Amortization begins when the asset is available for use, i.e. it is in the location and condition necessary to be capable of operating as intended by the Group. Such intangible asset is reclassified from intangibles in progress to the appropriate category of intangibles and amortization is commenced.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss. For major items of intangibles the Group assessed that their residual values are zero.

Any gain or loss on disposal of an item of intangible assets is recognised in profit or loss and presented within other operating income/expenses.

### Key judgements, assumptions and estimation uncertainties

#### Amortization

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of intangible assets for all presented periods are as follows:

Type:	Period:
Development costs	5 - 10 years
Trademarks	30 years
Software	2 - 10 years
Other intangible assets	2 - 10 years

#### Impairment losses

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired or whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. In assessing whether there is any indication that an asset may be impaired, the Group consider internal and external sources of information.

Recoverable amount is determined for individual assets or cash-generating units ("CGU"). The Group determines separate CGUs for operations in Poland and for foreign operations.

### 6.4.1. Development costs

Expenditure on research activities is recognized in profit or loss as incurred. The basic purpose for conducting research activities is to gain new knowledge and understanding, but the Group is not able at this phase to demonstrate that an intangible asset exists and will generate future economic benefits.

Development costs are the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products and processes before they are introduced and commercially used in the Group's operating activities.

An intangible asset arising from development is recognized only if all of the following criteria are met and the Group is able to demonstrate it:

- the product or process is technically and commercially feasible so that it will be available for use or sale,
- the Group intends and has sufficient resources (technical, financial and other) to complete the works and use or sell the product,
- the Group is able to demonstrate how the intangible asset will generate future economic benefits,



- the expenditure attributable to the intangible asset under development can be measured reliably.

Development costs are measured initially at cost, which is the sum of expenditure incurred from the date when the intangible asset first meets the general recognition criteria for intangible assets and above listed criteria for recognition of an intangible asset arising from development. Subsequent to initial recognition, development costs are measured at cost less accumulated amortization and any accumulated impairment losses. Detailed information about recoverability of development costs is presented in Note 13.

## **6.5. Non-current assets held for sale**

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The requirements for such classification are satisfied if the assets or disposal groups are available for immediate sale in their present condition and the sale is highly probable, i.e. the Management of the Group is committed to a plan to sell the assets and an active programme to search for potential buyers had been initiated.

Such assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Intangible assets and property, plant and equipment, upon classification as held for sale or disposal are no longer amortized and depreciated.

Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the statement of financial position and they are not offset. The major classes of assets and liabilities classified as held for sale are separately disclosed in the notes.

## **6.6. Financial instruments**

### **6.6.1. Financial instruments – accounting policy applied from the beginning of 2018**

Starting from 2018, financial instruments are recognized and measured in accordance with IFRS 9 *Financial Instruments*.

#### **Recognition and initial measurement**

The Group recognizes a financial asset or financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset from the consolidated statement of financial position when the contractual rights to the cash flows from the financial asset expire. The financial liability (or a part of a financial liability) is removed from the consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the Group measures financial instruments at its fair value adjusted, in the case of a financial asset or financial liability not at fair value through profit or loss, for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables with a maturity date not exceeding 12 months (i.e. without a significant financing component) are initially measured at the transaction price.

#### **Classification**

The Group classifies financial assets and financial liabilities recognized in the consolidated statement of financial position to the following categories:

- a) financial assets measured at fair value through profit or loss ("FVTPL"),
- b) financial assets measured at amortized cost,
- c) financial liabilities at fair value through profit or loss ("FVTPL"),
- d) other financial liabilities.

#### Financial assets

Classification of financial assets into particular categories is carried out on the basis of the Group business model for managing financial assets and the contractual cash flow characteristics of the financial asset (the SPPI test). The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

A financial assets is classified as measured at amortized cost if it meets both of the following criteria and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (meets the SPPI test).

Financial assets with cash flows that are not SPPI ('solely payments of principal and interest on the principal amount outstanding') are classified and measured at FVTPL, irrespective of the business model.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's financial assets measured at amortized cost include mainly trade receivables (not subject to non-recourse factoring). Other financial assets in this category embrace among others: deposits, granted loans and other receivables.

Financial assets measured at FVTPL include derivative instruments that are not financial guarantee contracts and are not designated as effective hedging instruments (CIRS) and trade receivables under non-recourse factoring.

#### Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities include financial liabilities, which have not been classified as measured at fair value through profit or loss.

The Group's financial liabilities include trade payables and other liabilities, loans and borrowings including bank overdrafts, lease liabilities, factoring liabilities and derivative financial instruments.

#### **Subsequent measurement**

Category of financial asset or financial liability	Measurement method	Recognition principle
Financial assets measured at FVTPL	at fair value	a result from subsequent measurement is recognized in profit or loss
Financial assets measured at	at amortized cost by applying	a result from subsequent measurement,

amortized cost	the effective interest rate	derecognition or modification is recognized in profit or loss, the amortized cost is reduced by impairment losses
Other financial liabilities	at amortized cost by applying the effective interest rate	a result from subsequent measurement, derecognition and modification is recognized in profit or loss
Financial liabilities at FVTPL	at fair value	a result from subsequent measurement is recognized in profit or loss

### Derecognition

The Group derecognizes a financial asset from the consolidated statement of financial position when the contractual rights to the cash flows from the financial asset expire or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

The financial liability (or a part of a financial liability) is removed from the consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Derivative financial instruments

The Group uses derivative financial instruments, such as CIRS to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group has not designated any derivatives as hedging instruments in hedge relationships as defined by IFRS 9.

### Impairment of trade receivables and other financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. Expected credit losses are credit losses weighed by the default probability. A credit loss is measured as the difference between cash flows due in accordance with the contract and cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 days past due. An individual assessment of the trade receivables is performed before the application of the simplified ECLs approach and in certain cases, the Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

In case of remaining trade receivables, the Group applies a simplified approach in calculating ECLs. Please refer to Note 41 below for detailed description.

The Group applies an individual approach to calculating allowance for expected credit losses for non-current receivables resulting from deposits made mainly in connection with APM locations and rental of branches. A more detailed description is presented in Note 6.7 and 18.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **6.6.2. Financial instruments – accounting policy applied till the end of 2017**

Financial instruments held by the Group included the following categories:

- loans and receivables,
- financial assets at fair value through profit or loss – held for trading,
- other financial liabilities at amortized cost,
- financial liabilities at fair value through profit or loss – held for trading.

#### **Financial assets**

Financial assets measured at fair value through profit or loss included assets held for trading. They were measured at fair value at the end of the reporting period, without any deduction for transaction costs that may be incurred on sale. A gain or loss arising from a change in fair value of a financial instrument was charged to finance income or finance expenses.

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted on an active market. This category included trade receivables, loans and other receivables with fixed or negotiable payment terms, that were not traded on an active market, as well as cash and cash equivalents. Loans and receivables were measured at amortized cost using the effective interest method, net of impairment allowances.

The classification of a financial asset depended on its nature and purpose and was made by the Group at initial recognition. At initial recognition, financial assets were measured at fair value adjusted for transaction costs that were directly attributable to the acquisition or issuance of the asset, except for financial assets classified as measured at fair value through profit or loss.

Financial assets were derecognized when the contractual rights to cash flows from financial assets had expired or had been transferred and the Group has transferred all the significant risks and rewards of ownership of the financial assets.

### **Financial liabilities**

Financial liabilities measured at fair value through profit or loss included financial liabilities held for trading. Such liabilities (including derivatives with negative fair value) were measured at fair value, with the exception of derivatives, which were settled through delivery of unquoted equity instruments which fair value cannot be reliably measured (valued at cost). At initial recognition financial liabilities were measured at fair value. Changes in fair value of financial instruments were charged to finance income or finance expenses.

The Group classified derivatives as liabilities at fair value through profit or loss.

Other financial liabilities were liabilities not classified as financial liabilities measured at fair value through profit or loss, such as loans and borrowings and trade payables. They were initially recognized at fair value, adjusted for transaction costs. After initial recognition, the Group measured all its other financial liabilities at amortized cost using the effective interest rate method.

The Group derecognised a financial liability from its statement of financial position when it was extinguished, i.e. when the obligation specified in the contract was discharged, cancelled or expired.

### **Impairment of financial assets**

At the end of each reporting period, the Group assessed, whether there was any objective evidence that a financial asset or group of financial assets was impaired. The significant financial difficulty of a debtor, litigations against a debtor, a significant or prolonged decrease in fair value below initial cost, adverse change in the economic, legal or market environment of an issuer of the financial instruments were examples of objective evidence of impairment.

If there was objective evidence that an impairment loss on loans and receivables carried at amortised cost had been incurred, the amount of the impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original (i.e. the effective interest rate computed at initial recognition) effective interest rate. The carrying amount of the asset was reduced by the impairment loss. The amount of the loss was recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss was revised. A subsequent reversal of an impairment loss was recognized in profit or loss, as a decrease of costs previously recognized as impairment losses to the extent that the carrying amount of the asset did not exceeded the asset's value at amortized cost at the reversal date.

## **6.7. Trade and other receivables**

According to IFRS 15, trade receivables with a maturity date not exceeding 12 months (i.e. without a significant financing component) are initially recognized in the amount equal to the transaction price, during or at the moment of transfer of the goods or services promised by the agreement, namely transfer of control over the asset to the customer.

At initial recognition, receivables in a foreign currency are measured at the average exchange rate of the NBP from the day immediately preceding the recognition of the receivable.

Trade receivables with a significant financing component are recognized initially at fair value which is determined as the discounted value of future cash flows that are expected to flow to the Group.

For the purposes of subsequent measurement, trade receivables are sub-divided by customers into two portfolios:

- *Hold to collect business model for trade receivables not subject to non-recourse factoring arrangement: where the receivables are measured at amortized cost;*
- *Selling business model for trade receivables intended to be subject to non-recourse factoring arrangements: where the receivables are measured at fair value through profit or loss.*

An impairment analysis of trade receivables measured at amortized cost is performed at each reporting date. As the Group's exposure to credit risk is influenced mainly by the individual characteristics of the customers, detailed individual monitoring and assessment of the trade receivables is performed resulting in 100% expected credit loss allowance for the receivables:

- past due for more than 1 year;
- subject to a debt restructuring process (immediately upon the Group receiving information regarding the debtors being placed in a state of bankruptcy or liquidation);
- subject to legal proceedings – as soon as there is a decision to take the debtor to court;
- cancelled subscriptions (Integer.pl S.A. has a separate treatment for subscription customers which are subject to a debt collections process immediately after cancelling the subscription due to non-payment and are then subject to legal proceedings).

To reflect factors that may influence the credit risk of the customer database and changes in credit quality not yet detected at an individual level, the Group uses a provision matrix to measure expected credit losses ("simplified approach"). As trade receivables up to 60 days past due are generally covered by letters of credit or other forms of credit insurance, the Group divided the portfolio of trade receivables into two segments: (i) up to 60 days past due and (ii) 61 – 365 days past due.

The Group considers a trade receivable in default when contractual payments are over 60 days past due.

The allowance rates are based on actual loss experience for segments that group trade receivables with similar loss patterns. These rates are also adjusted to reflect differences between economic conditions during the period over which the historical loss experience has been analysed, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 41. The letters of credit and other forms of credit insurance are considered in the calculation of impairment.

Other receivables consist mainly of deposits, receivables from settlement of cash-on-delivery option (receivables represent cash to be received from payment service providers or couriers for payments collected from the recipient upon delivery of parcel) and other advance payments.

### **Key judgements, assumptions and estimation uncertainties**

#### Estimation of ECL

Measurement of ECL allowances for trade and other receivables requires to assumptions and estimates especially in terms



of determining the weighted average loss rate.

The Group uses a provision matrix to calculate ECLs for trade receivables measured at amortized cost. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default rates in the future. Information about ECLs on the Group's trade receivables and contract assets is disclosed in Note 41.

#### Classification of financial assets

Based on management's judgment applied to all relevant facts and circumstances regarding the factoring arrangements, the terms of the non-recourse factoring arrangements result in the transfer of substantially all the risks and rewards of ownership of the receivables. Therefore all receivables that are factored under non-recourse arrangements meet the financial asset derecognition criteria, resulting in the original receivable being derecognized from the statement of financial position once invoices are transferred to the factor. The balance of trade receivables subject to non-recourse factoring arrangements represents the value of invoices not yet transferred to the factor (but concerning customers subject to the non-recourse factoring arrangement). Trade receivables are transferred within approximately 7 days from initial recognition date.

#### Impact of factoring arrangements on the trade receivables business model assessment

For the purposes of the business model assessment of trade receivables, the Group considers that for a particular customer it can identify whether or not receivables will be factored without a recourse, therefore trade receivables are sub-divided by customers into two portfolios:

- Hold to collect business model for trade receivables not subject to non-recourse factoring arrangement: where the relevant activities represent collection of contractual cash flows. These receivables are measured at amortized cost;
- Selling business model for the trade receivables subject to non-recourse factoring arrangements: where the Group's objective is to realize cash flows primarily through selling, the business model is not held to collect and sell. These receivables are measured at fair value through profit or loss.

When evaluating the business model the Group considered an analysis of past sales and expectation of future sales in terms of frequency and value.

Cash inflows from trade receivables subject to factoring arrangements are presented as cash flows from operating activities.

## **6.8. Trade payables and other liabilities**

Trade payables are non-interest bearing liabilities for the goods and services purchased in the course of ordinary business operations from suppliers. Other financial liabilities include mainly liabilities recognised in relation to settlement of cash-on-

delivery option (liabilities represent cash collected from the recipient on behalf of the sender for item delivered in parcel) and investment liabilities. Other non-financial liabilities consist mainly of payroll liabilities and payables to the state.

Liabilities are classified as current liabilities, if the payment term is within year or if they arise in the ordinary cycle of business operations, if longer. Otherwise, liabilities are reported as non-current.

At recognition trade payables and other liabilities are initially measured at fair value, and they are subsequently measured at amortized cost, using the effective interest rate method.

In the event that the effect of the time value of money is not significant, the amount of liabilities is recognized without discounting.

## 6.9. Cash and cash equivalents

Cash and cash equivalents reported in the consolidated statement of financial position include cash in bank and at hand, bank deposits payable on demand and short-term highly liquid deposits with the primary maturity period not exceeding three months, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank overdrafts are presented as a component of current loans and borrowings under current liabilities, and are not considered as cash and cash equivalents for the purposes of the consolidated statement of cash flows.

## 6.10. Inventories

The Group measures inventories at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first out principle.

The Group classifies inventories write-down to net realizable value as cost of goods and materials sold in the statement of comprehensive income. A new assessment of net realizable value is made in each reporting period. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed, so that the new carrying amount is the lower of cost and the revised net realizable value.

## 6.11. Provisions

Provisions are recognized, if the Group has a present obligation (legal or constructive) resulting from past events, and it is expected to result in an outflow of the Group's resources on settlement and it is possible to reliably estimate the amount of this liability.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Provision for exit costs** – a provisions for exit costs is recognised for obligations resulting from decisions to discontinue operations and liquidate a subsidiary. Future operating losses are not provided for.

### 6.11.1. Employee benefits

#### Short-term employee benefits

Short-term benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay an amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Unused holiday and performance bonus provision representing short-term employee benefits are recognized at the undiscounted amount of benefits expected to be paid in exchange for the respective service.

#### Share-based payment arrangements

The grant-date fair value of equity settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### Defined benefit plan

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounted to determine their present value. The discount rate is determined based on interest rates on treasury bonds expressed in the currency of the future benefit payments, with maturities similar to the date of settlement of the respected liabilities. The calculation of defined benefit obligations at the end of the reporting period is performed by a qualified actuary using the projected unit credit method. Cost of defined benefit plan is recognized in profit or loss with an exception to actuarial gains and losses which are recognized in other comprehensive income.

#### Other long-term employee benefits

The Group's obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

### **Key judgements, assumptions and estimation uncertainties**

#### Estimation of employee benefits

The carrying amount of the defined benefit liability is equal to the present value of the benefits payable. The amount of the liability depends on many factors, which are used as assumptions in the actuarial model. Any changes to the assumptions may impact the carrying amount of the liability. Interest rates are one of the primary variables in measuring the liability. At the end of the reporting period, based on the opinion of an independent actuary, an appropriate discount rate for the Group's companies is used for determining the present value of estimated future cash outflow in relation to these benefits. Detailed information about key actuarial assumptions and sensitivity analysis is disclosed in Note 31.

## 6.12. Leases

### Leases under IFRS 16 – applicable for the historical consolidated financial information for 2018 and 2019

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

The Group recognises a right-of-use assets and a lease liability as at lease commencement date. The Group applies practical expedient for short-term leases and leases of low-value assets.

### Measurement of right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located less any lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### Measurement of lease liability

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in the Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Lease term

For each lease contract, the Group determines the lease term as the non-cancellable period of a lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

#### Sale and leaseback

The Group enters into a sale and leaseback transactions. A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the right of use by entering into a lease with the buyer.

The gains or losses arising from sale and leaseback transactions are disclosed in the notes to the historical consolidated financial information .

#### Leases under IAS 17 – applicable for the historical consolidated financial information for 2017

In 2017, as a lessee the Group classified leases that transfer substantially all of the risk and rewards of ownership as finance leases. For such leases, the leased assets were measured initially at the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under leases classified as operating leases were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

### **Key judgements, assumptions and estimation uncertainties**

#### Lease definition

Despite the legal form of contracts for logistic services (warehouses); courier and transportation services (vehicles and trailers) such contracts are accounted for as contracts with lease component. The Group assessed that those contracts conveys the right to control the use of an identified asset. Underlying assets are explicitly identified in these contracts and there is no substantive substitution right of the supplier. Services are provided to the Group on an exclusive basis therefore the Group obtain economic benefits from use of warehouses and vehicles and trailers. The provision of services is directly related to logistics operations. Suppliers are incorporated into the logistics chain of the Group and are part of the respective processes managed by Group's employees. Based on an analysis of key decision-making rights it was assessed, that the Group has the right to direct how and for what purpose the asset is used.

#### Purchase option

At the lease commencement date, the Group assesses whether it is reasonably certain to exercise the right to purchase the underlying asset. This primarily applies to leases of automatic parcel machines. Key aspects taken into consideration are their importance to the Group's operations, commercial terms and available alternatives. Due to the fact that the Group is in the process of network expansion it was assessed that it is reasonably certain that the Group will exercise purchase option for currently leased automatic parcel machines in vast majority of cases. As a result lease payments include the exercise price of purchase options, what results in a higher lease liability and right-of-use assets. In such instances, right-of use asset is depreciated to the end of the useful life of the underlying asset.

Lease term of contracts concluded for an indefinite period

Leases for key assets are concluded for definite periods. However, a significant portion of contracts for courier and transportation (vehicles and trailers) and logistic services (warehouses) as well as leases of land for automatic parcel machines are concluded for an indefinite period with the right to terminate by each party upon termination notice. Those leased assets are important for the Groups operations as they are part of the logistics operations (warehouses, vehicles, trailers) or enable the provision of services to customers (land for automatic parcel machines). As the Group is expanding its operations it is expected that the need for the services and lands will increase in the next few years. Service providers rotate and the Group changes locations of automatic parcel machines, what results in frequent changes in the lease portfolio. In order to determine the lease term the Group identifies portfolios of leases with similar characteristics and assesses factors that create an economic incentive for the Group to continue such leases for periods longer than the termination notice period. Key aspects taken into consideration are the importance of the underlying assets to the Group's operations and available alternatives.

The Group generates a significant share of revenue from automatic parcel machines located on land that is leased under contract for an indefinite period. In order to conduct operations in accordance with agreed business plans the Group plans to expand the logistics network which will result in an increase number of locations in the next few years, which creates an economic incentive to prolong a certain number of such leases. In order to determine the lease term those leases the Group has allocated the contracts into five portfolios based on the following characteristics:

- utilization of locations (from very low – 40% up to very high-150%);
- new contracts (including relocations) and contracts for which a previously determined lease term has ended;

As a rule the higher utilization of automatic parcel machine in a given location the higher the probability of a longer lease term. The highly utilized APM's are only moved when the current lease is terminated by the counterparty or the location is inconvenient (e.g. too small to expand the APM). The determined lease term varies between 6 and 36 months for the portfolios whereas the weighted average in 2019 and 2020 amounted to 12 months.

Below is a summary of average lease terms applied in 2019 and 2020 for each underlying class of asset:

	Period
Land	12 months
Warehouses	12 months
Vehicles and trailers, including:	
- Key providers	12 months
- Other	1-3 months



Discount rate

The lease liability is measured at the present value of the lease payments that are unpaid at that date. Lease payments are discounted using the interest rate implicit in the lease (mainly applicable for lease of equipment) or the Group uses the lessee's incremental borrowing rate. The incremental borrowing rate is estimated based on a model that determines the interest rate that the Group, as a lessee, would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment. The interest rate is determined based on the risk-free rates for instruments denominated in PLN or EUR and adjusted by a margin reflecting the Group's rating, and further adjusted to the nature of underlying assets.

The below table presents the weighted average discount rates applied for leases in 2018 and 2019:

	PLN	EUR
up to 12 months	6.01%	3.89%
1-3 years	6.21%	4.22%
3-5 years	6.79%	4.36%
5-7 years	6.95%	4.75%
7-10 years	7.40%	5.15%
more than 10 years	7.45%	5.53%

**6.13. Revenue**

Revenue is recognized when (or as) the performance obligation is fulfilled in the form of transferring the promised goods, products, materials (i.e. assets) or rendering a service to a client. The Group recognizes revenue in a way that reflects the transfer of promised goods or services to a customer, in the amount of consideration to which an entity expects to be entitled in exchange for these goods or services (transaction price), excluding amounts collected on behalf of third parties, for example - Value Added Tax (VAT). Detailed information about the nature, timing of satisfaction of performance obligations and significant payment terms that apply to the Group is presented in Note 9.1.

**6.14. Contract liabilities**

Contract liabilities comprise the Group's obligation to transfer services to a customer for which the Group has received consideration. The Group recognizes the contract liability mainly in relation to the contracts for which payment is received upfront (prepaids) whereas revenue recognition is deferred. The contract liability is gradually derecognized (and respective revenue is recognized) as services are provided to a customer - when parcels are delivered to recipient or to automatic parcel machines. Contract liabilities are presented in "Other liabilities".

## 6.15. Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. The Group recognises grants in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

## 6.16. Income tax

Income tax expense for the reporting period comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

### Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period and any adjustments to the tax payable or receivable relating to previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received taking into account any uncertainties related to income taxes. Current tax is calculated using the tax rates enacted or substantively enacted at the reporting date in countries where the Group's entities operate and generate taxable income or losses.

### Deferred tax

A deferred tax liabilities and deferred tax assets are recognized for all temporary differences between the carrying amounts of assets and liabilities and amounts used for taxation purposes, except for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (loss), and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses and unused tax credits and for deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date, taking into account any uncertainties related to income taxes.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets and current tax liabilities, and if the deferred tax assets and deferred tax liabilities relate to income taxes levied on a given entity by the same tax authority.

### Key assumptions and estimation uncertainties

#### Recognition of deferred tax assets

Estimated future taxable profits are determined based on the budgets of the entities of the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. At each reporting date the Management of the Group reassess unrecognized deferred tax assets and recognizes them to the extent that it has become probable that future taxable profits will be available against which they can be used. Unrecognized deferred tax assets are mainly related with tax losses carried forward. Information regarding deferred tax assets and liabilities of the Group is presented in Note 10.

## 7. Segment information

For management reporting purposes, the Group has three reportable segments in two geographies, as follows:

- Segments in Poland
  - APM segment, which is focused on delivery of parcels to automated parcel machines
  - To-Door segment, which includes delivery of parcels using door-to-door couriers
- Segment outside Poland:
  - International segment, which includes APM business (delivery of parcels to automated parcel machines) in the United Kingdom and Italy

No operating segments have been aggregated to form the above reportable operating segments.

The Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is assessed on the basis of Revenue and Gross Profit. Additionally aggregated segments at the geography level are assessed based on Operating EBITDA. The accounting policies adopted are uniform for all segments and consistent with those applied by the Group.

Segments direct costs include among others costs of PUDO Points, which are delivery at pick-up drop-off facilities.

Segment performance is evaluated based on gross profit or loss and is measured consistently with profit or loss in the historical consolidated financial information.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Inter-segment revenue is eliminated upon consolidation and are presented in the 'Inter-segment eliminations' column.

General cost, depreciation, finance costs, finance income, fair value gains and losses on financial assets and income taxes are not allocated to individual segments as these activities are managed on a Group wide basis.

2019	International APM	Poland			Inter-segment elimination	Total	Total reportable segments A+B+C
		APM	To-Door	Other			
	A	B	C				
<b>Revenue and other operating income:</b>		<b>776.4</b>	<b>420.1</b>	<b>71.4</b>	<b>(32.3)</b>	<b>1,242.6</b>	<b>1,203.5</b>
- external	7.0	776.4	420.1	39.1	-	1,242.6	1,203.5
- inter-segment	-	-	-	32.3	(32.3)	-	-
<b>Direct Costs:</b>	<b>(14.4)</b>	<b>(357.5)</b>	<b>(313.5)</b>	<b>(21.2)</b>	<b>16.7</b>	<b>(689.9)</b>	<b>(685.4)</b>
- Logistic costs	(7.1)	(304.5)	(303.9)	-	-	(615.5)	(615.5)
- APM Network	(7.0)	(22.2)	-	-	3.1	(26.1)	(29.2)
- External costs	(3.9)	(22.2)	-	-	-	(26.1)	(26.1)
- Inter segment	(3.1)	-	-	-	3.1	-	(3.1)
- PUDO Points	-	(9.1)	(3.6)	-	-	(12.7)	(12.7)
- Other Direct Costs	(0.3)	(21.7)	(6.0)	(6.7)	-	(34.7)	(28.0)
- Cost of Sold APM's and IT Projects	-	-	-	(14.5)	13.6	(0.9)	-
<b>Gross Profit:</b>	<b>(7.4)</b>	<b>418.9</b>	<b>106.6</b>	<b>50.2</b>	<b>(15.6)</b>	<b>552.7</b>	<b>518.1</b>

	International	Poland		Total
		Poland	Total	
<b>Gross Profit:</b>	<b>(7.4)</b>	<b>560.1</b>	<b>552.7</b>	
- General costs	(18.1)	(184.5)	(202.6)	
- Sales&Marketing	(3.1)	(41.4)	(44.5)	
- Call Centre	(1.0)	(16.6)	(17.6)	
- IT Maintenance	-	(15.7)	(15.7)	
- Other general costs	(14.0)	(110.8)	(124.7)	
<b>Operating EBITDA</b>	<b>(25.5)</b>	<b>375.6</b>	<b>350.1</b>	
- Depreciation and amortization	(10.1)	(211.4)	(221.5)	
<b>Operating Profit</b>	<b>(35.6)</b>	<b>164.2</b>	<b>128.6</b>	

2018	International	Poland			Inter-segment elimination	Total	Total reportable segments
	APM A	APM B	To-Door C	Other			A+B+C
<b>Revenue and other operating income:</b>	7.7	393.8	290.6	100.7	(55.9)	736.9	692.1
- external	7.7	393.8	290.6	44.7	-	736.8	692.1
- inter-segment	-	-	-	55.9	(55.9)	-	0.0
<b>Direct Costs:</b>	(14.2)	(188.5)	(248.1)	(19.5)	12.5	(457.8)	(450.8)
- Logistic costs	(5.8)	(159.4)	(239.2)	-	-	(404.4)	(404.4)
- APM Network	(8.1)	(12.4)	-	-	4.0	(16.5)	(20.5)
- External costs	(4.1)	(12.4)	-	-	-	(16.5)	(16.5)
- Inter segment	(4.0)	-	-	-	4.0	-	(4.0)
- PUDO Points	-	(7.7)	(0.8)	-	-	(8.5)	(8.5)
- Other Direct Costs	(0.3)	(9.0)	(8.1)	(4.9)	-	(22.3)	(17.4)
- Cost of Sold APM's and IT Projects	-	-	-	(14.6)	8.5	(6.1)	-
<b>Gross Profit:</b>	(6.5)	205.3	42.5	81.2	(43.5)	279.0	241.3

	International	Poland	Total
<b>Gross Profit:</b>	(6.5)	285.5	279.0
- General costs	(18.5)	(150.8)	(169.4)
- Sales&Marketing	(2.9)	(27.3)	(30.2)
- Call Centre	(0.8)	(9.1)	(9.9)
- IT Maintenance	-	(9.3)	(9.3)
- Other general costs	(14.9)	(105.1)	(120.0)
<b>Operating EBITDA</b>	(25.0)	134.7	109.7
- Depreciation and amortization	(14.0)	(132.4)	(146.4)
<b>Operating Profit</b>	(39.0)	2.3	(36.7)

2017	International APM	Poland			Inter-segment	Total	Total reportable segments A+B+C
		APM	To-Door	Other			
	A	B	C				
<b>Revenue and other operating income:</b>	7.9	245.9	187.4	81.4	(25.5)	497.1	441.2
- external	7.9	245.9	187.4	55.9	-	497.1	441.2
- inter-segment	-	-	-	25.5	(25.5)	-	0.0
<b>Direct Costs:</b>	(24.5)	(135.8)	(174.0)	(33.1)	11.1	(356.4)	(334.4)
- Logistic costs	(6.2)	(107.3)	(170.4)	-	-	(283.9)	(283.9)
- APM Network	(17.8)	(21.6)	-	-	3.0	(36.4)	(39.4)
- External costs	(14.8)	(21.6)	-	-	-	(36.4)	(36.4)
- Inter segment	(3.0)	-	-	-	3.0	-	(3.0)
- PUDO Points	-	(5.4)	(0.4)	-	-	(5.8)	(5.8)
- Other Direct Costs	(0.6)	(1.5)	(3.2)	(12.7)	-	(18.0)	(5.3)
- Cost of Sold APM's and IT Projects	-	-	-	(20.4)	8.1	(12.3)	-
<b>Gross Profit:</b>	(16.6)	110.1	13.4	48.3	(14.4)	140.8	106.8

	International	Poland	Total
<b>Gross Profit:</b>	(16.6)	157.4	140.8
- <b>General costs</b>	(18.7)	(103.7)	(122.4)
- Sales&Marketing	(4.1)	(21.8)	(25.9)
- Call Centre	(0.9)	(8.0)	(8.9)
- IT Maintenance	-	(3.2)	(3.2)
- Other general costs	(13.7)	(70.7)	(84.4)
<b>Operating EBITDA</b>	(35.3)	53.7	18.4
- Depreciation and amortization	(5.1)	(78.5)	(83.6)
<b>Operating Profit</b>	(40.4)	(24.8)	(65.2)



## 7.1 Alternative performance measures – Gross Profit and Operating EBITDA

Our segments are based on the structure of our internal management reporting to facilitate decision-making with respect to the allocation of resources and to assess the performance of our operations. The performance of our segments is measured and assessed on the basis of revenue (including other operating income) and Gross Profit. Additionally, the performance of our combined operations is measured and assessed on the basis of Operating EBITDA per geographical area, i.e. for each country where we operate. Given the relative size of our operations outside Poland, we aggregated information relating to all countries other than Poland and presented this as one reportable segment - International.

We consider Gross Profit and Operating EBITDA as alternative performance measures and we present these measures because we consider them as important supplemental measures of our performance and believe that these and similar measures are used in the industry in which we operate as means of evaluating a company's operating performance. However, Gross Profit and Operating EBITDA are not recognized measures of financial performance, financial condition or liquidity under IFRS. In addition, not all companies may calculate Gross Profit and Operating EBITDA in the same manner or on a consistent basis. As a result, this measure may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on these measures and they should not be considered in isolation or as a substitute for profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS. Gross Profit represents a margin realized on deliveries to clients which takes into account only revenue and other operating income related to deliveries as well as costs directly attributable to such deliveries.

Gross Profit is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense, profit on sales of organized part of an enterprise, share of profits of equity-accounted investees, finance costs and income, and depreciation and amortization and general costs.

Operating EBITDA represents a metric for evaluating the Group's performance which facilitates comparisons of the Group's operating results from period to period and between segments by removing the impact of, among other things, its capital structure, asset base and tax consequences.

Operating EBITDA is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of organized part of an enterprise, share of profits of equity-accounted investees, finance costs and income, and depreciation and amortization.

The reconciliation of Gross Profit and Operating EBITDA to generally accepted profitability measures are presented below.

	2019	2018	2017
<b>Net profit (loss)</b>	50.8	(14.8)	(211.8)
(Profit) loss from discontinued operations	(3.2)	(15.1)	(102.2)
<b>Net profit (loss) from continuing operations</b>	<b>54.0</b>	<b>0.3</b>	<b>(109.6)</b>
Income tax expense	32.7	(88.9)	6.5
<b>Profit (loss) before tax</b>			
Share of profits of equity-accounted investees	-	-	0.6
Finance costs	(62.8)	(54.4)	(46.7)
Finance income	20.9	2.5	8.2
Depreciation and amortization	221.5	146.4	83.6
<b>Operating EBITDA</b>	<b>350.1</b>	<b>109.7</b>	<b>18.4</b>
General costs	(202.6)	(169.4)	(122.4)
- Sales & Marketing	(44.5)	(30.2)	(25.9)
- Call Centre	(17.6)	(9.9)	(8.9)
- IT Maintenance	(15.7)	(9.3)	(3.2)
- Other general costs	(124.7)	(120.0)	(84.4)
<b>Gross Profit</b>	<b>552.7</b>	<b>279.0</b>	<b>140.8</b>

## 8. Seasonality of operations

The Group's business is subject to predictable seasonality because the majority of the business serves the e-commerce retail industry, which is particularly active during the end-of-year holiday season which runs from mid-November, starting around Black Friday, through the end of December. As a result of these seasonal fluctuations the Group experience a peak in sales and generates a substantial part of its revenue in the fourth quarter of the year.

## 9. Revenue and costs

### 9.1. Revenue

The Group generates revenue primary from the provision of various courier services to its customers. There are two groups of courier services – traditional and deliveries of parcels to automatic parcel machine owned or leased by the Group. The devices are located in residential areas and close to shops and are open 24/7, which allows customers to easily pick up parcels. Parcels delivered by courier to automatic parcel machines can be collected by recipient within 48h. If parcel is not collected by the recipient (from courier/automatic parcel machines) it is relocated to one of the collection points or returned to the sender.

In addition to delivery services the Group generates revenue from sale of goods (mainly APMs) and provision of marketing, maintenance and installation services.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
<p>Courier services and Automatic parcel machines services</p>	<p>The Group recognizes revenue at the point in time upon collection of a parcel by the recipient either from a courier, automatic parcel machine or collection point. For uncollected parcels, revenue is recognized upon return to the sender. Typically delivery takes places within 48h.</p> <p>Parcels delivered by courier to automatic parcel machines can be collected by recipient within 48h. Therefore, contrary to traditional courier services delivery and collection do not occur at the same time. Although parcel cannot be relocated within 48h from the automatic parcel machine to which they have been delivered, the Group assessed that control over the service is transferred upon collection of the parcel by the recipient, which triggers revenue recognition.</p> <p>Services are provided to customers through a 'pay-as-you-go' model in accordance with standard price lists or based on long-term framework delivery contracts as well as subscription contracts for 12 or 24 months. Performance obligation under the framework contract – delivery of parcels - becomes binding once a delivery is requested by the customer. These contracts do not require a minimum shipment volume and are generally multi-year rolling contracts with a one-month notice period for termination. Remuneration for services provided under the long-term contracts is determined on the basis of actual deliveries in the period and agreed prices. Prices per parcel can be differentiated based on the delivery method and certain thresholds in respect of the number, the size and the weight of the parcels. Pricing is typically reviewed on an annual basis.</p> <p>For subscription contracts, the customer pays an agreed fixed monthly fee for deliveries of a defined number of parcels per month. The performance obligation under the subscription contract – delivery of a parcel - becomes binding once a delivery is requested by customer. Unused deliveries (the breakage) do not roll forward to the next month and therefore the Group recognize the breakage amount as revenue at the month-end.</p> <p>Services may be prepaid or billed at the end of month. There is no significant financing component in the contracts as payment terms are relatively short - from 14 up to 90 days. Transaction prices for some contracts may vary due to contractual penalties (variable consideration), resulting in lower revenue. However, this does not represent a significant adjustments. Some contracts with major customers include consideration payable for distinct marketing</p>

	<p>services provided on behalf of the Group. This is accounted for separately from revenue. If consideration is payable for services that are not distinct it decrease transaction prices accordingly.</p> <p>Deliveries by couriers and deliveries to APM may be regulated by one contract with a customer. However, they are alternatives to each other and are deemed to be separate performance obligations.</p> <p>In addition to core services the Group might also provide some minor services for an additional fee (e.g. express delivery). For such bundles the Group assessed that contractual prices represent stand-alone selling prices and consideration is not reallocated between services.</p>
Sale of APMs and other equipment	<p>Revenue from the sale of APMs is recognized at a point in time when the significant risks and rewards of ownership of a promised asset are transferred.</p> <p>In the absence of specific condition in the arrangements between the parties (e.g. Incoterms) revenue from the sale is recognized when goods are physically delivered to the customer. The majority of contracts are however realised in accordance with EXW incoterms.</p>
Other services (marketing, installations, maintenance)	<p>The Group recognizes revenue from marketing and maintenance services when those services are duly performed. If the revenue is a monthly maintenance fee it is recorded over time on a straight-line basis.</p> <p>The Group recognizes revenue from installation services at a point in time ie. when installation is complete.</p>

Revenue from contracts with customers is disaggregated by primary goods and services in the table below:

	2019	2018	2017
Courier services	420.1	290.7	187.4
Automatic parcel machines services	743.9	384.9	255.5
Other	68.0	50.6	39.6
<b>Total revenue</b>	<b>1,232.0</b>	<b>726.2</b>	<b>482.5</b>

Revenue from contracts with customers is disaggregated by primary geographic markets in the table below:

	2019	2018	2017
Poland	1,205.0	685.4	444.3
International	27.0	40.8	38.2
<b>Total revenue</b>	<b>1,232.0</b>	<b>726.2</b>	<b>482.5</b>

Revenue from transactions with the Group's largest customer in each year amounted to PLN 71.6 million (5.8%), PLN 12.1 million (1.6%) and PLN 3.6 million (0.7%), in 2019, 2018 and 2017, respectively.

The following table provides information about receivables and contract liabilities from contracts with customers.

	Note	2019	2018	2017
Receivables, included in "Trade and other receivables"	21.	186.8	119.4	103.5
Contract liabilities, included in "Other liabilities"	33.	(1.5)	(6.9)	(0.2)

Upon receipt of a prepayment from a customer, the Group recognizes a contract liability in the amount of the prepayment for its performance obligation to deliver parcels in the future. The contract liability is gradually derecognized (and respective revenue is recognized) as services are provided to a customer. The settlement period for prepaids generally does not exceed 12 months, whereas the majority are settled within a few months. There is no significant revenue from breakage amounts, as customers generally exercise all their contractual rights related with prepaids.

The amount of PLN 6.9 million included in contract liabilities at December 31, 2018 has been recognized as revenue in 2019. No information is provided about remaining performance obligations as December 31, 2019 or December 31, 2018 that have an original expected duration of one year or less.

## 9.2. Other operating income

	2019	2018	2017
Gain on disposal of non-current assets	0.1	-	0.2
Government grants	3.0	2.8	2.8
Reversal of impairment losses on current assets	0.4	0.3	-
Penalties and compensation	3.0	2.8	2.8
Receivables recovered	0.8	0.6	-
Other	3.3	4.2	8.8
<b>Total other operating income</b>	<b>10.6</b>	<b>10.7</b>	<b>14.6</b>

## 9.3. Other operating expenses

	2019	2018	2017
Loss on disposal of non-current assets	0.7	0.5	0.7
Impairment loss on current assets	1.6	-	2.3
Impairment loss on property, plant and equipment and intangible assets	6.8	5.0	0.7
Penalties and compensation	0.8	0.8	1.8
Other	3.2	1.4	5.9
<b>Total other operating expenses</b>	<b>13.1</b>	<b>7.7</b>	<b>11.4</b>

#### 9.4. Net finance cost

	2019	2018	2017
Net foreign exchange gains	18.6	1.5	-
Interest income	0.6	0.2	1.4
Interest income on long-term deposits	-	-	2.8
Reversal of impairment losses on other financial assets	-	0.1	1.9
Income from guarantees and bank sureties	-	-	0.4
Other finance income	1.7	0.7	1.7
<b>Total finance income</b>	<b>20.9</b>	<b>2.5</b>	<b>8.2</b>

	2019	2018	2017
Net foreign exchange losses	-	-	3.1
Interest expense	56.6	41.5	24.1
Impairment losses on other financial assets	0.7	0.6	1.5
Guarantee and bank surety expenses	-	0.2	4.2
Bank charges	2.5	2.0	1.7
Deposits, fees and commissions	2.9	5.1	3.7
Impairment loss on interest in associates	-	-	0.8
Other finance costs	0.1	5.0	7.6
<b>Total finance costs</b>	<b>62.8</b>	<b>54.4</b>	<b>46.7</b>

#### 9.5. Foreign exchange differences related to investment in subsidiaries

The Group has provided long-term loans to its foreign subsidiaries. These items are essentially reported as a part of net investments foreign operations. The Group has reported foreign exchange differences resulting from conversion of these items in a separate items of the statement of comprehensive income. Foreign exchange differences from investments in subsidiaries amounted to PLN 12.0 million for the year ended December 31, 2019 (PLN 3.5 million for the year ended December 31, 2018, PLN 10.4 million for the year ended December 31, 2017) and were primarily a result of changes in GBP/PLN exchange rates.



## 9.6. Depreciation and amortization

	2019	2018	2017
Depreciation of property, plant and equipment	190.9	118.7	59.7
Amortization of intangible assets	30.6	27.7	23.9
<b>Depreciation and amortization - continued operations</b>	<b>221.5</b>	<b>146.4</b>	<b>83.6</b>
Depreciation of property, plant and equipment - discontinued operations	-	1.1	10.5
Amortization of intangible assets - discontinued operations	-	0.1	0.2
<b>Depreciation and amortization - discontinued operations</b>	<b>-</b>	<b>1.2</b>	<b>10.7</b>
<b>Total</b>	<b>221.5</b>	<b>147.6</b>	<b>94.3</b>

## 9.7. Employee benefit costs

	2019	2018	2017
Payroll	107.1	66.3	60.3
Social security contributions	26.1	12.5	12.8
Other	1.7	-	-
<b>Total employee benefit costs</b>	<b>134.9</b>	<b>78.8</b>	<b>73.1</b>

## 9.8. Impairment loss on property, plant and equipment and intangible assets

	2019	2018	2017
Impairment loss on property, plant and equipment	4.4	4.4	8.4
Impairment loss on intangible assets	2.4	2.6	6.0
Reversal of impairment loss on property, plant and equipment	-	(2.0)	(13.6)
Reversal of impairment loss on intangible assets	-	-	-
<b>Impairment on property, plant and equipment and intangible assets - continued operations</b>	<b>6.8</b>	<b>5.0</b>	<b>0.7</b>
Impairment loss on property, plant and equipment - discontinued operations	2.3	-	-
Reversal of impairment loss on property, plant and equipment - discontinued operations	-	(1.6)	(14.9)
<b>Impairment on property, plant and equipment and intangible assets - discontinued operations</b>	<b>2.3</b>	<b>(1.6)</b>	<b>(14.9)</b>

## 10. Income tax

### 10.1. Income tax expense (benefit) in profit or loss

	2019	2018	2017
Current income tax expense	9.1	-	0.4
Deferred income tax expense	23.6	(88.9)	6.1
<b>Income tax expense - continued operations</b>	<b>32.7</b>	<b>(88.9)</b>	<b>6.5</b>
Current income tax expense	0.8	0.4	0.5
<b>Income tax expense - discontinued operations</b>	<b>0.8</b>	<b>0.4</b>	<b>0.5</b>

The tax rate applicable to the Parent amounted to 19% in each of the periods presented. Tax rates applicable to Group companies varied from 19% in Poland, 20% in the United Kingdom, through to 31,4% in Italy and 33,33% in France (classified as discontinued operations). The effect of applying different tax rates in particular countries is presented in the table below.

### 10.2. Reconciliation of effective tax rate

		2019		2018		2017
<b>Profit (loss) before tax</b>		<b>86.7</b>		<b>(88.6)</b>		<b>(103.1)</b>
<b>Tax using the Group's domestic tax rate</b>	19%	<b>16.5</b>	19%	<b>(16.8)</b>	19%	<b>(19.6)</b>
Effect of tax rates in foreign jurisdictions	-2%	(1.6)	2%	(1.9)	7%	(7.7)
<b>Tax effect of</b>						
Tax-exempt income	-1%	(0.7)	0%	-	0%	-
Non-deductible expenses	3%	2.6	-24%	21.6	-13%	13.8
Non-deductible intercompany expenses (representing taxable income for counterparties)	11%	9.2	-14%	12.1	0%	-
Deferred tax asset for tax losses not recognised	15%	12.6	-15%	13.7	-34%	35.2
Derecognition of deferred tax asset for tax losses carried forward and other temporary differences	9%	7.5	0%	-	0%	-
Recognition of previously unrecognized deferred tax assets	0%	-	133%	(118.1)	0%	-
Other	-15%	(13.4)	0%	0.4	15%	(15.2)
<b>Income tax expense</b>		<b>32.7</b>		<b>(88.9)</b>		<b>6.5</b>
<b>Effective tax rate</b>		<b>37.7%</b>		<b>100.3%</b>		<b>-6.3%</b>

The Management of the Group regularly reviews business plans and projected tax results of the Group in the five-year term. Until 2017 the Group had not recognized deferred tax assets on losses carried forward as it had been assessed not probable to generate taxable profits against which the assets might have been utilised. As a result of a wide restructuring process of

the Group in 2018 and resulting increased profitability of the business, the Management revised its estimates of future taxable profits of its Polish entities. As a result, at December 31, 2018 the Group recognized deferred tax assets on losses that had not been previously recognized in relation to the Polish operations. In 2019, the Polish entities of the Group utilised deferred tax assets on losses against taxable profits for the year in accordance with the revised tax budgets.

The amount of deferred tax asset unrecognized on tax losses in 2019 (PLN 13.4 million) relates to tax losses incurred by InPost UK Limited and Locker InPost Italia S.R.L. The Management assessed that it is not probable that future taxable income for those entities will be generated in the near future. The derecognized deferred tax assets in 2019 (PLN 7.5 million) relate to InPost S.A. – the entity was liquidated in February 2020.

Movements in deferred tax assets and deferred tax liabilities

	Balance at 31 December 2019	Recognized in profit or loss 2019	Balance at 31 December 2018	Recognized in profit or loss 2018	Balance at 31 December 2017	Recognized in profit or loss 2017
<b>Deferred tax assets</b>						
Impairment allowance for trade and other receivables and inventories	18.1	1.5	19.6	(7.2)	12.4	11.2
Provisions and accruals	18.3	(12.5)	5.8	3.8	9.6	(4.2)
Lease liabilities	44.5	(15.6)	28.9	(15.7)	13.2	(9.4)
Property, plant and equipment and intangible assets	12.2	1.5	13.7	(6.8)	6.9	(14.8)
Deferred income	1.4	0.3	1.7	(0.6)	1.1	2.9
Interest accrued	1.5	0.9	2.4	(0.1)	2.4	7.9
Foreign exchange differences	0.0	0.6	0.6	3.0	3.6	(3.6)
Other items	1.5	(0.2)	1.4	2.9	4.2	14.1
Tax losses carried forward	25.2	20.2	45.4	(45.4)	(0.0)	(1.7)
Effect of unrecognized deferred tax assets on other temporary differences (excl. tax losses)*	-	-	-	(17.1)	(17.1)	-
<b>Total</b>	<b>122.7</b>	<b>(3.2)</b>	<b>119.5</b>	<b>(83.1)</b>	<b>36.4</b>	<b>2.4</b>
Set-off of deferred tax	(44.6)	12.9	(31.7)	(4.6)	(36.3)	(1.0)
<b>Net deferred tax assets</b>	<b>78.1</b>	<b>9.7</b>	<b>87.8</b>	<b>(87.7)</b>	<b>0.1</b>	<b>1.4</b>

\* The amount is related to particular temporary differences presented in the table, however it was not allocated to individual items as the Group determined recognition of deferred tax assets on a collective basis.

<b>Deferred tax liabilities</b>						
Property, plant and equipment and intangible assets	58.4	26.1	32.3	(2.5)	34.8	25.8
Interest accrued	1.6	0.9	0.7	(2.3)	3.0	1.4
Other items	1.4	(0.1)	1.6	(1.0)	2.6	(23.7)
<b>Total</b>	<b>61.4</b>	<b>26.9</b>	<b>34.6</b>	<b>(5.8)</b>	<b>40.5</b>	<b>3.6</b>
Set-off of deferred tax	(44.6)	(12.9)	(31.7)	4.6	(36.3)	1.1
<b>Net deferred tax liabilities</b>	<b>16.8</b>	<b>14.0</b>	<b>2.9</b>	<b>(1.2)</b>	<b>4.2</b>	<b>4.7</b>

<b>Net effect recognized in profit or loss</b>	<b>23.6</b>	<b>(88.9)</b>	<b>6.1</b>
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### 10.3. Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items. In the Management's judgment, it was assessed that it is not probable that future taxable profit will be available against which the Group will be able to use benefits therefrom.

Unrecognized deferred tax assets	2019		2018		2017	
	Gross amount	Tax effect (19%)	Gross amount	Tax effect (19%)	Gross amount	Tax effect (19%)
Tax losses carried forward (UK, IT))	284.0	54.0	226.2	43.0	164.4	31.2
Tax losses carried forward (PL)	-	-	-	-	279.1	53.0
Other*	-	-	-	-	342.4	65.1
<b>Total unrecognized deferred tax assets</b>	<b>284.0</b>	<b>54.0</b>	<b>226.2</b>	<b>43.0</b>	<b>785.9</b>	<b>149.3</b>

\* amounts relate to other temporary differences on which no deferred tax assets were recognized in 2017, including PLN 17.1 million disclosed in Note 10.3 Movements in deferred tax assets and deferred tax liabilities.

Tax losses carried forward for which no deferred tax assets was recognized, by expiry date	2019	Expiry date	2018	Expiry date	2017	Expiry date
Never expire (UK, IT)	284.0	-	226.2	-	164.4	-
Will expire	-	-	-	-	279.1	2018-2022
<b>Total tax losses carried forward for which no deferred tax asset was recognized</b>	<b>284.0</b>		<b>226.2</b>		<b>443.5</b>	

### 11. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. In the period covered by this historical consolidated financial information, there were no equity instruments diluting the weighted average number of ordinary shares issued used to calculate basic earnings per share.

The following table reflects the profit and share information used in the basic and diluted EPS calculations:

	2019	2018	2017
Profit attributable to ordinary equity holders of the Parent:			
Continuing operations	54.0	0.3	(93.8)
Discontinued operations	(3.2)	(20.7)	(90.9)
<b>Profit attributable to ordinary equity holders of the Parent for basic EPS</b>	<b>50.8</b>	<b>(20.3)</b>	<b>(184.7)</b>
Effect of dilution	-	-	-
<b>Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution</b>	<b>50.8</b>	<b>(20.3)</b>	<b>(184.7)</b>
<b>Weighted average number of ordinary shares for basic EPS</b>	<b>18,571,298</b>	<b>18,571,298</b>	<b>13,330,604</b>
<b>Basic / Diluted earnings per share (in PLN)</b>	<b>2.74</b>	<b>(1.09)</b>	<b>(13.86)</b>
<b>Basic / Diluted earnings per share (in PLN) - Continuing operations</b>	<b>2.91</b>	<b>0.02</b>	<b>(7.04)</b>
<b>Basic / Diluted earnings per share (in PLN) - Discontinued operations</b>	<b>(0.17)</b>	<b>(1.11)</b>	<b>(6.82)</b>

On March 26, 2020 the Extraordinary General Meeting adopted a resolution on a share capital decrease of Integer in the amount of PLN 1,030,085. After the decrease the share capital amounted PLN 17,541,213.

## 12. Discontinued operations

Following strategic decisions to place greater focus on a few best performing locations of operations, the Management Board of Integer.pl S.A. committed to a plan to withdraw from foreign markets that had underperformed. According to the Management's assessment, there was no potential to expand in these locations without significant capital expenditure. The process of withdrawal from business operations in selected markets started in 2016, when the Group made a decision to cease business operations in Malaysia, Russia, Canada and the Ukraine. In 2017 further locations were discontinued, including Spain, Australia, Brasil, Hungary, Czech Republic, Slovakia, France and Croatia. Additionally, the Group decided to withdraw from postal and logistics services related to delivery of registered letters in Poland (so-called Miniparcel). In 2018 and 2019 no further areas of operations were discontinued. The Group continued the process of winding-up of companies operating in the aforementioned locations. A summary of changes in the Group's organization structure is presented in the Note 2.2.

The financial result of discontinued operations are presented separately from the financial results of continued operations – for all of the periods covered by the historical consolidated financial information.

Despite classification of foreign operations as discontinued the Group did not reclassified non-current assets of these operations to assets held for sale because foreign subsidiaries were not held for disposal. The most significant non-current assets of discontinued foreign operations are property, plant and equipment (automatic parcel machines) that were transferred and are used by the Group in its Polish operations.

**12.1. Result of discontinued operation**

	2019	2018	2017
<b>Revenue</b>	-	13.0	33.4
<b>Other operating income</b>	1.5	1.9	23.3
Operating expenses	3.7	19.8	68.5
Other operating expenses, including net impairment losses on trade and other receivables	3.2	3.0	65.1
<b>Total operating expenses, including net impairment losses on trade and other receivables</b>	<b>6.9</b>	<b>22.8</b>	<b>133.6</b>
<b>Operating loss</b>	<b>(5.4)</b>	<b>(7.9)</b>	<b>(76.9)</b>
Finance income	4.2	2.3	(0.6)
Finance costs*	1.4	6.5	29.0
<b>Loss before tax</b>	<b>(2.6)</b>	<b>(12.1)</b>	<b>(106.5)</b>
Income tax expense	0.8	0.4	0.5
<b>Loss from activities of discontinued operations, net of tax</b>	<b>(3.4)</b>	<b>(12.5)</b>	<b>(107.0)</b>
Profit/(loss) on disposal of discontinued operations	0.2	(2.6)	4.8
<b>Loss from discontinued operations, net of tax, attributable to:</b>	<b>(3.2)</b>	<b>(15.1)</b>	<b>(102.2)</b>
Owners of Integer	(3.2)	(20.7)	(90.9)
Non-controlling interests	-	5.6	(11.3)

\*In 2017 the Group recognized approximately PLN 21 million in foreign exchange losses reallocated from translation reserve due to the sale of foreign operations in Russia.

**12.2. Cash flows from discontinued operation**

	2019	2018	2017
Net cash flows from operating activities	(2.8)	(31.5)	(50.6)
Net cash flows from investing activities	-	-	(6.6)
Net cash flows from financing activities	-	-	-
<b>Net cash flows</b>	<b>(2.8)</b>	<b>(31.5)</b>	<b>(57.2)</b>



### 13. Intangible assets

	Trademarks	Development costs	Software	Intangible assets in progress	Total
<b>Cost at 01-01-2019</b>	<b>6.0</b>	<b>110.5</b>	<b>126.7</b>	<b>44.7</b>	<b>287.9</b>
Additions	-	0.5	-	32.8	33.3
Disposal	-	(2.2)	(4.7)	(9.2)	(16.1)
Other movements	-	37.9	23.9	(61.9)	(0.1)
Effect of movements in exchange rates	-	-	-	-	-
<b>Cost at 31-12-2019</b>	<b>6.0</b>	<b>146.7</b>	<b>145.9</b>	<b>6.4</b>	<b>305.0</b>
<b>Accumulated amortization at 01-01-2019</b>	<b>0.8</b>	<b>67.5</b>	<b>50.1</b>	<b>-</b>	<b>118.4</b>
Amortization for the period	0.2	16.8	13.6	-	30.6
Disposal	-	(2.2)	(0.7)	-	(2.9)
Other movements	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
<b>Accumulated amortization at 31-12-2019</b>	<b>1.0</b>	<b>82.1</b>	<b>63.0</b>	<b>-</b>	<b>146.1</b>
<b>Impairment losses at 01-01-2019</b>	<b>-</b>	<b>10.4</b>	<b>30.7</b>	<b>5.6</b>	<b>46.7</b>
Impairment loss	-	0.5	-	1.9	2.4
Reversal of impairment loss	-	-	-	-	-
Disposal	-	-	(3.9)	(7.5)	(11.4)
Other movements	-	-	-	(0.8)	(0.8)
Effect of movements in exchange rates	-	-	-	-	-
<b>Impairment losses at 31-12-2019</b>	<b>-</b>	<b>10.9</b>	<b>26.8</b>	<b>(0.8)</b>	<b>36.9</b>
<b>Carrying amount at 31-12-2019</b>	<b>5.0</b>	<b>53.7</b>	<b>56.1</b>	<b>7.2</b>	<b>122.0</b>

	Trademarks	Development costs	Software	Intangible assets in progress	Total
<b>Cost at 01-01-2018</b>	<b>6.0</b>	<b>113.2</b>	<b>144.1</b>	<b>13.0</b>	<b>276.3</b>
Additions	-	-	-	45.3	45.3
Disposal	-	(0.1)	(2.4)	(4.9)	(7.4)
Other movements	-	(2.6)	(15.0)	(8.7)	(26.3)
Effect of movements in exchange rates	-	-	-	-	-
<b>Cost at 31-12-2018</b>	<b>6.0</b>	<b>110.5</b>	<b>126.7</b>	<b>44.7</b>	<b>287.9</b>
<b>Accumulated amortization at 01-01-2018</b>	<b>0.6</b>	<b>64.8</b>	<b>55.8</b>	<b>-</b>	<b>121.2</b>
Amortization for the period	0.2	13.2	14.4	-	27.8
Disposal	-	-	(3.2)	-	(3.2)
Other movements	-	(10.5)	(16.9)	-	(27.4)
Effect of movements in exchange rates	-	-	-	-	-
<b>Accumulated amortization at 31-12-2018</b>	<b>0.8</b>	<b>67.5</b>	<b>50.1</b>	<b>-</b>	<b>118.4</b>
<b>Impairment losses at 01-01-2018</b>	<b>-</b>	<b>17.1</b>	<b>30.3</b>	<b>7.1</b>	<b>54.5</b>
Impairment loss	-	-	0.5	2.1	2.6
Reversal of impairment loss	-	-	-	-	-
Disposal	-	(6.7)	(0.1)	(3.6)	(10.4)
Effect of movements in exchange rates	-	-	-	-	-
<b>Impairment losses at 31-12-2018</b>	<b>-</b>	<b>10.4</b>	<b>30.7</b>	<b>5.6</b>	<b>46.7</b>
<b>Carrying amount at 31-12-2018</b>	<b>5.2</b>	<b>32.6</b>	<b>45.9</b>	<b>39.1</b>	<b>122.8</b>

	Trademarks	Development costs	Software	Intangible assets in progress	Total
<b>Cost at 01-01-2017</b>	<b>6.0</b>	<b>91.5</b>	<b>120.3</b>	<b>14.4</b>	<b>232.2</b>
Additions	-	0.1	-	42.2	42.3
Disposal	-	0.7	-	(3.1)	(2.4)
Disposal of subsidiary	-	-	-	-	-
Other movements	-	20.9	23.8	(40.5)	4.2
Effect of movements in exchange rates	-	-	-	-	-
<b>Cost at 31-12-2017</b>	<b>6.0</b>	<b>113.2</b>	<b>144.1</b>	<b>13.0</b>	<b>276.3</b>
<b>Accumulated amortization at 01-01-2017</b>	<b>0.4</b>	<b>53.8</b>	<b>44.9</b>	<b>-</b>	<b>99.1</b>
Amortization for the period	0.2	10.2	13.7	-	24.1
Disposal	-	-	(0.2)	-	(0.2)
Disposal of subsidiary	-	-	-	-	-
Other movements	-	0.8	(2.6)	-	(1.8)
Effect of movements in exchange rates	-	-	-	-	-
<b>Accumulated amortization at 31-12-2017</b>	<b>0.6</b>	<b>64.8</b>	<b>55.8</b>	<b>-</b>	<b>121.2</b>
<b>Impairment losses at 01-01-2017</b>	<b>-</b>	<b>16.8</b>	<b>28.0</b>	<b>4.8</b>	<b>49.6</b>
Impairment loss	-	0.5	2.4	3.1	6.0
Reversal of impairment loss	-	-	-	-	-
Disposal	-	(0.2)	(0.1)	(0.8)	(1.1)
Effect of movements in exchange rates	-	-	-	-	-
<b>Impairment losses at 31-12-2017</b>	<b>-</b>	<b>17.1</b>	<b>30.3</b>	<b>7.1</b>	<b>54.5</b>
<b>Carrying amount at 31-12-2017</b>	<b>5.4</b>	<b>31.3</b>	<b>58.0</b>	<b>5.9</b>	<b>100.6</b>

### Recoverability of development costs

Processes related to development costs are centralized at the Group level and are realized by the Parent and Polish subsidiaries. Development costs mainly include software and key IT systems. Due to the fact that operations conducted by the Group are relatively specific, the majority of intangibles are developed internally, including software. Software is developed in cooperation with external IT solutions providers. The Group constantly seeks new solutions to increase efficiency of processes or to improve/implement new services and therefore various research and development projects (and sub-projects) are being realized at different stages.

The Group recognizes intangible assets, if they are related with development projects, for which:

- (a) it is probable that the expected future economic benefits that are attributable to the development costs will flow to the Group; and
- (b) respective cost can be measured reliably.

Realisation of development project and capitalization of respective costs to intangible assets is subject to corporate approvals. In order to approve project for development a comprehensive analysis is performed based on information provided by sale, logistics, marketing and finance functions. The analysis aims to determine:

- technical feasibility of a project;
- impact on efficiency of processes or magnitude of potential demand for new products;
- capital expenditures requirements; (including cost of third party providers)
- project timeline.

To demonstrate whether the output will generate probable future economic benefits the Group assesses the output of projects as a separate asset or in combination with other assets forming a cash-generating unit.

Development costs are realized by dedicated teams in accordance with approved project budgets. The Group records directly attributable expenses for development project using management accounts and respective allocation keys. Major directly attributable costs are costs of materials and services used or consumed as well as costs of employee benefits.

Realisation of budgets is regularly monitored. In case of changes resulting in an increase in capital expenditures requirements or decrease in expected economic benefits the project is reviewed in terms of actual recoverability and if the recoverability is assessed as satisfactory the project is continued under the adjusted assumptions.

Amortization is commenced upon completion of acceptance procedures aiming to demonstrate that the asset is ready for intended use.

The most significant development costs are:

- Software: Trucker Transition Program, WorkFlow Program and Pricing Tool and InPost Mobile Application
- Development costs: product design of refrigerated locker machines ("RLM's") and banking parcel machines as well as documented business processes related to courier and logistics operations
- Intangible assets in progress: Multiparcel.

Group's operations across various countries do not differ significantly and development costs generate benefits to entities throughout the Group. However, they primarily generate economic benefits in relation to operations in Poland as operations of Polish subsidiaries represent the most significant share of the Group's results. As part of the Group restructuring in 2016, a comprehensive analysis of recoverability of open and completed development costs was performed and the Group recognized significant impairment losses of PLN 50.1 million by writing off certain assets relating to development projects. In

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2017-2019 there were no reversals of impairment on intangibles and there were no significant projects impaired, except for and impairment loss of PLN 6.0 million attributable to software dedicated to automatic parcel machines located in France, the Czech Republic, Slovakia, Croatia and Hungary, which are discontinued operations. In 2017-2019 the Group continued the liquidation process of discontinued operations which resulted in the gradual utilization of previously recognised impairment losses and a decrease in accumulated impairment losses.

#### 14. Property, plant and equipment

	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction	Total
<b>Cost at 01-01-2019</b>	<b>8.3</b>	<b>536.2</b>	<b>1.3</b>	<b>12.5</b>	<b>338.2</b>	<b>88.3</b>	<b>984.8</b>
Additions	3.4	280.9	3.0	3.2	-	(5.8)	284.7
Additions - leases	-	-	-	-	249.4	-	249.4
Disposal	(1.1)	(3.5)	(0.3)	(5.4)	(9.1)	-	(19.4)
Other movements*	-	57.0	(2.6)	-	(82.0)	(12.1)	(39.7)
Effect of movements in exchange rates	-	3.0	-	-	0.6	-	3.6
<b>Cost at 31-12-2019</b>	<b>10.6</b>	<b>873.6</b>	<b>1.4</b>	<b>10.3</b>	<b>497.1</b>	<b>70.4</b>	<b>1,463.4</b>
<b>Accumulated depreciation at 01-01-2019</b>	<b>1.8</b>	<b>172.3</b>	<b>0.7</b>	<b>3.6</b>	<b>94.9</b>	<b>-</b>	<b>273.3</b>
Depreciation for the period	0.6	69.5	0.2	1.9	118.7	-	190.9
Disposal	(0.1)	(2.7)	(0.3)	(1.3)	(8.4)	-	(12.8)
Other movements*	-	22.4	(0.1)	-	(35.8)	-	(13.5)
Effect of movements in exchange rates	-	1.1	-	-	0.2	-	1.3
<b>Accumulated depreciation at 31-12-2019</b>	<b>2.3</b>	<b>262.6</b>	<b>0.5</b>	<b>4.2</b>	<b>169.6</b>	<b>-</b>	<b>439.2</b>
<b>Impairment losses at 01-01-2019</b>	<b>-</b>	<b>15.0</b>	<b>-</b>	<b>0.1</b>	<b>6.6</b>	<b>2.4</b>	<b>24.1</b>
Impairment loss	-	-	-	-	-	6.7	6.7
Reversal of impairment losses	-	-	-	-	-	-	-
Disposal	-	(0.1)	-	(0.1)	-	(4.4)	(4.6)
Other movements	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-	-
<b>Impairment losses at 31-12-2019</b>	<b>-</b>	<b>14.9</b>	<b>-</b>	<b>-</b>	<b>6.6</b>	<b>4.7</b>	<b>26.2</b>
<b>Carrying amount at 31-12-2019</b>	<b>8.3</b>	<b>596.1</b>	<b>0.9</b>	<b>6.1</b>	<b>320.9</b>	<b>65.7</b>	<b>998.0</b>



	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction	Total
<b>Cost at 01-01-2018</b>	<b>11.9</b>	<b>680.0</b>	<b>1.9</b>	<b>5.5</b>	<b>-</b>	<b>75.5</b>	<b>774.8</b>
First time adoption of IFRS 16 - finance leases	-	(184.9)	(0.1)	-	185.0	-	-
First time adoption of IFRS 16 - other leases	-	-	-	-	65.5	-	65.5
Additions	3.8	65.4	0.5	9.9	-	16.4	96.0
Additions - leases	-	-	-	-	86.8	-	86.8
Disposal	(3.3)	(2.2)	-	(0.1)	(0.3)	-	(5.9)
Disposal of subsidiary	-	(10.6)	(0.8)	-	-	-	(11.4)
Reclassification to assets held for sale	(4.1)	(0.8)	(0.2)	-	-	-	(5.1)
Other movements**	-	(14.1)	-	(2.8)	1.2	(3.7)	(19.4)
Effect of movements in exchange rates	-	3.4	-	-	-	0.1	3.5
<b>Cost at 31-12-2018</b>	<b>8.3</b>	<b>536.2</b>	<b>1.3</b>	<b>12.5</b>	<b>338.2</b>	<b>88.3</b>	<b>984.8</b>
<b>Accumulated depreciation at 01-01-2018</b>	<b>2.2</b>	<b>182.0</b>	<b>1.4</b>	<b>2.2</b>	<b>-</b>	<b>-</b>	<b>187.8</b>
First time adoption of IFRS 16	-	(33.3)	-	-	33.3	-	-
Depreciation for the period	0.6	56.2	0.1	1.3	61.6	-	119.8
Disposal	(0.6)	(2.1)	-	0.6	-	-	(2.1)
Disposal of subsidiary	-	(10.6)	(0.7)	-	-	-	(11.3)
Reclassification to assets held for sale	(0.4)	(0.8)	-	-	-	-	(1.2)
Other movements**	-	(20.0)	(0.1)	(0.5)	-	-	(20.6)
Effect of movements in exchange rates	-	0.9	-	-	-	-	0.9
<b>Accumulated depreciation at 31-12-2018</b>	<b>1.8</b>	<b>172.3</b>	<b>0.7</b>	<b>3.6</b>	<b>94.9</b>	<b>-</b>	<b>273.3</b>

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<b>Impairment losses at 01-01-2018</b>	<b>0.6</b>	<b>30.8</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>2.3</b>	<b>33.8</b>
First time adoption of IFRS 16	-	(6.7)	-	-	6.6	-	(0.1)
Impairment loss	3.8	0.5	-	-	-	0.1	4.4
Reversal of impairment losses	(1.6)	(2.0)	-	-	-	-	(3.6)
Disposal	-	(7.2)	-	-	-	-	(7.2)
Reclassification to assets held for sale	(1.8)	-	-	-	-	-	(1.8)
Other movements	(1.0)	(0.4)	-	-	-	-	(1.4)
Effect of movements in exchange rates	-	-	-	-	-	-	-
<b>Impairment losses at 31-12-2018</b>	<b>-</b>	<b>15.0</b>	<b>-</b>	<b>0.1</b>	<b>6.6</b>	<b>2.4</b>	<b>24.1</b>
<b>Carrying amount at 31-12-2018</b>	<b>6.5</b>	<b>348.9</b>	<b>0.6</b>	<b>8.8</b>	<b>236.7</b>	<b>85.9</b>	<b>687.4</b>

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	<b>Land and buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>RoU</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost at 01-01-2017</b>	<b>18.7</b>	<b>579.4</b>	<b>2.3</b>	<b>5.4</b>	<b>-</b>	<b>84.7</b>	<b>690.5</b>
Additions	-	176.4	0.3	1.5	-	(0.6)	177.6
Disposal	-	(1.1)	-	-	-	-	(1.1)
Disposal of subsidiary	-	(51.2)	-	(1.0)	-	(2.9)	(55.1)
Reclassification to assets held for sale	(6.8)	-	-	-	-	-	(6.8)
Other movements***	-	(6.7)	(0.6)	(0.2)	-	(5.0)	(12.5)
Effect of movements in exchange rates	-	(16.8)	(0.1)	(0.2)	-	(0.7)	(17.8)
<b>Cost at 31-12-2017</b>	<b>11.9</b>	<b>680.0</b>	<b>1.9</b>	<b>5.5</b>	<b>-</b>	<b>75.5</b>	<b>774.8</b>
<b>Accumulated depreciation at 01-01-2017</b>	<b>3.0</b>	<b>126.4</b>	<b>1.6</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>133.6</b>
Depreciation for the period	0.4	68.5	0.3	1.0	-	-	70.2
Disposal	-	(0.5)	-	(0.1)	-	-	(0.6)
Disposal of subsidiary	-	(9.4)	-	(1.0)	-	-	(10.4)

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Reclassification to assets held for sale	(1.2)	-	-	-	-	-	(1.2)
Other movements	-	0.1	(0.5)	(0.1)	-	-	(0.5)
Effect of movements in exchange rates	-	(3.1)	-	(0.2)	-	-	(3.3)
<b>Accumulated depreciation at 31-12-2017</b>	<b>2.2</b>	<b>182.0</b>	<b>1.4</b>	<b>2.2</b>	<b>-</b>	<b>-</b>	<b>187.8</b>
<b>Impairment losses at 01-01-2017</b>	<b>0.6</b>	<b>77.8</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>10.2</b>	<b>88.9</b>
Impairment loss	-	8.4	-	-	-	-	8.4
Reversal of impairment losses	-	(28.5)	-	-	-	-	(28.5)
Other movements***	-	(26.9)	-	(0.2)	-	(7.9)	(35.0)
Effect of movements in exchange rates	-	-	-	-	-	-	-
<b>Impairment losses at 31-12-2017</b>	<b>0.6</b>	<b>30.8</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>2.3</b>	<b>33.8</b>
<b>Carrying amount at 31-12-2017</b>	<b>9.1</b>	<b>467.2</b>	<b>0.5</b>	<b>3.2</b>	<b>-</b>	<b>73.2</b>	<b>553.2</b>

\* Other movements in 2019 are primarily related to change in presentation of right-of use asset upon realisation of purchase options at the end of the lease term (mainly APMs and IT equipment) as well as derecognition related to sales in 'sale and lease-back' transactions.

\*\* Other movements in 2018 are primarily related to liquidation of items with a carrying amount of PLN 0 million.

\*\*\* Other movements on cost in 2017 are primarily related to derecognition of assets held in Canada as at the date of loss of control over the respective subsidiary. Other movements on accumulated impairments in 2017 are primarily related to the disposal of a subsidiary in Russia and derecognition of assets held in Canada mentioned above.

#### Impairment testing for CGU related to foreign operations

In 2017, 2018 and 2019 the Group observed that operating losses were incurred by foreign operations (Malaysia, Italy, Hungary, France, United Kingdom, Czechia and Slovakia), which was assessed as an indicator for impairment and the Group therefore tested non-financial assets related with those foreign operations for impairment. Accordingly, management estimated the recoverable amount of the respective CGUs. Each foreign operation is a separate cash-generating unit ("CGU"). The number of tested CGUs decreased over the presented years as a consequence of the gradual liquidation/disposal of foreign operations, which was preceded by their classification to discontinued operations in 2016 and 2017.

The recoverable amount of the CGU was estimated based on their fair value less cost of disposal. The major assets of the CGUs are property, plant and equipment (APMs) and since there are no other operations then related with APM's (nor related assets) the Group assessed that the fair value less costs of disposal of APMs represents a reasonable estimation of the CGU's fair value less costs of disposal of the CGU's. The value in use of the CGU was not determined because the Group assessed that there is no reason to believe that value in use materially exceeds its fair value less costs of disposal for operations that are discontinued. Some of the tested CGUs are continued foreign operations that generate revenue (UK, Italy) and their value in use potentially could be determined. However, operations in UK and Italy currently generate operating losses as they are in the process of strategic changes of their business model, which aims to improve results in subsequent periods. In the light of the above the Group determined that the value in use would be lower than fair value less cost of disposal and therefore recoverable amount was determined based on fair value less costs of disposal of CGU.

Due to the fact that the recoverability of APM's is very high as compared to their cost, the Group determines fair value less cost of disposal using expected cash flows per APM as if the APMs were used in Poland multiplied by the number of APMs in the tested CGU. Even a significant change in the underlying assumptions of APM's cash flows would not result in impairment, as the resulting surplus of recoverable amount over carrying amount of the CGUs is significant. APM's cash flows are calculated taking into consideration that they are standardized and upon minor adjustments can be easily relocated and used in Poland, where the Group is expanding its network and operations are profitable. In order to determine fair value less cost of disposal there is a further adjustment for estimated cost of transportation of the APM's to Poland.

Below is a summary of total recoverable amount and carrying amount for all tested CGUs related with foreign operations as at the end of each year:

Total CGUs tested	31 December 2019	31 December 2018	31 December 2017
Recoverable amount	232.9	389.3	493.4
Carrying amount	45.6	52.5	65.6
<b>Surplus</b>	<b>187.3</b>	<b>336.8</b>	<b>427.8</b>

There were no changes in the methodology applied in 2017-2019. However, the restructuring of the Group's operations in Poland and foreign operations resulted in a change in the methodology in 2017 as compared to 2016 aiming to reflect

Management's decision to potentially relocate APMs from foreign operations to Poland if a foreign operation is discontinued. The change in methodology resulted in the reversal of impairment losses recognized in 2016 and earlier.

## 15. Leases

The Group leases mainly the following underlying assets:

1. Equipment, mainly including automatic parcel machines and sorting equipment;
2. Land on which automatic machines are installed;
3. Warehouses and offices;
4. Vehicles and trailers.

Leases of automatic parcel machines are concluded for a definite period of time, and typically run for a period of 3-4 years with the option to purchase the underlying assets at the end of the lease term. Contracts for leases of automatic parcel machines are denominated in PLN and EUR.

Contracts for the remaining classes of underlying assets are concluded either for a definite or indefinite period with relatively short termination notice period (up to a few months). The Group does not apply the short-term lease exemption for such contracts and recognizes right-of-use assets and lease liabilities. Contracts for leases of office space, warehouses and some of the land leases are denominated in EUR, what increases the Group's exposure to currency risk.

Payments for some leases vary due to a change in an index or rates i.e. WIBOR rate and consumer price index. Contracts containing variable lease payments that depend on an index or rate are initially measured using the index or rate as at the lease commencement and are subsequently remeasured when the underlying index or rate is changed.

Contracts concluded for a definite period generally do not include early termination or option to extend the lease term.

Previously, under IAS 17, the vast majority of contracts for lease of land, warehouses, office premises, vehicles and trailers were classified as operating lease, whereas contracts for lease of equipment were classified as finance leases with recognition of the lease liability and property, plant and equipment.

### 15.1. Right-of-use of assets

Right-of-use assets are presented in Property, plant and equipment. The below table presents a disaggregation of the right-of-use assets by class of underlying asset:

	Land and buildings	Machinery and equipment	Vehicles	Other	Total
<b>Cost at 01-01-2019</b>	<b>125.4</b>	<b>206.6</b>	<b>5.7</b>	<b>0.5</b>	<b>338.2</b>
Additions	157.2	9.8	82.4	-	249.4
Disposal	(9.1)	-	-	-	(9.1)
Other movements*	(4.6)	(77.4)	-	-	(82.0)
Effect of movements in exchange rates	0.6	-	-	-	0.6
<b>Cost at 31-12-2019</b>	<b>269.5</b>	<b>139.0</b>	<b>88.1</b>	<b>0.5</b>	<b>497.1</b>

<b>Accumulated depreciation at 01-01-2019</b>	<b>41.6</b>	<b>51.2</b>	<b>2.1</b>	<b>-</b>	<b>94.9</b>
Depreciation for the period	58.3	20.9	39.6	-	118.8
Disposal	(8.4)	-	-	-	(8.4)
Other movements*	-	(36.0)	-	-	(36.0)
Effect of movements in exchange rates	0.3	-	-	-	0.3
<b>Accumulated depreciation at 31-12-2019</b>	<b>91.8</b>	<b>36.2</b>	<b>41.6</b>	<b>-</b>	<b>169.6</b>
<b>Impairment losses at 01-01-2019</b>	<b>-</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>6.6</b>
<b>Impairment losses at 31-12-2019</b>	<b>-</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>6.6</b>
<b>Carrying amount at 31-12-2019</b>	<b>177.7</b>	<b>96.2</b>	<b>46.5</b>	<b>0.5</b>	<b>320.9</b>

	Land and buildings	Machinery and equipment	Vehicles	Other	Total
<b>Cost at 01-01-2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
First time adoption of IFRS 16 - finance leases	-	184.9	0.1	-	185.0
First time adoption of IFRS 16 – other leases	64.2	-	1.2	0.1	65.5
Additions	60.3	21.7	4.4	0.4	86.8
Disposal	(0.3)	-	-	-	(0.3)
Other movements	1.2	-	-	-	1.2
Effect of movements in exchange rates	-	-	-	-	-
<b>Cost at 31-12-2018</b>	<b>125.4</b>	<b>206.6</b>	<b>5.7</b>	<b>0.5</b>	<b>338.2</b>
<b>Accumulated depreciation at 01-01-2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
First time adoption of IFRS 16 - finance leases	-	33.3	-	-	33.3
Depreciation for the period	41.6	17.9	2.1	-	61.6
Disposal	-	-	-	-	-
Other movements	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-



<b>Accumulated depreciation at 31-12-2018</b>	<b>41.6</b>	<b>51.2</b>	<b>2.1</b>	<b>-</b>	<b>94.9</b>
<b>Impairment losses at 01-01-2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
First time adoption of IFRS 16 - finance leases	-	6.6	-	-	6.6
<b>Impairment losses at 31-12-2018</b>	<b>-</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>6.6</b>
<b>Carrying amount at 31-12-2018</b>	<b>83.8</b>	<b>148.8</b>	<b>3.6</b>	<b>0.5</b>	<b>236.7</b>

\* Other movements in 2019 (decreases) are primarily related to changes to presentation of right-of use asset purchased upon realisation of purchase options at the end of the lease term (mainly APMs and IT equipment).

## 15.2. Lease liabilities

<b>Lease liability</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
<i>up to 1 year</i>	150.9	88.0
<i>from 1 to 3 years</i>	68.4	64.6
<i>from 3 to 5 years</i>	48.1	12.8
<i>More than 5 years</i>	7.9	1.8
<b>Total</b>	<b>275.3</b>	<b>167.2</b>

## 15.3. Amounts recognized in the statement of cash flows

	<b>2019</b>	<b>2018</b>
Payment of principal portion of lease liability	136.5	94.1
Lease interest paid	12.3	9.6
<b>Total</b>	<b>148.8</b>	<b>103.7</b>

## 15.4. Financial lease liabilities under IAS 17

Finance lease liabilities are payable as follows:

	<b>31 December 2017</b>	
	<b>Future minimum lease payments</b>	<b>Present value of minimum lease payments</b>
Less than 1 year	50.3	39.1
Between 1 and 5 years	59.7	56.2
<b>Total</b>	<b>110.0</b>	<b>95.3</b>
Interest	(14.7)	
<b>Total present value of minimum lease payments</b>	<b>95.3</b>	<b>95.3</b>

Property, plant and equipment	31 December 2017
<b>Owned</b>	<b>408.0</b>
<b>Used under finance lease</b>	<b>145.2</b>
Machinery and equipment	145.0
Vehicles	0.2
<b>Total</b>	<b>553.2</b>

### 15.5. Operating leases under IAS 17

The following table sets out a maturity analysis for operating lease payments, showing undiscounted minimum lease payments due after the reporting date:

	31 December 2017
	Minimum lease payments
Less than 1 year	10.5
Between 1 and 5 years	13.8
More than 5 years	0.9
<b>Undiscounted minimum lease payments</b>	<b>25.2</b>
Lease expense in 2017	23.1

As at January 1, 2018 the Group adopted IFRS 16 Leases what resulted in recognition of leases previously classified as operating leases under IAS 17. The impact on this historical consolidated financial information is described in Note 5.3.

### 16. Assets pledged as security for liabilities

Assets pledged as security for liabilities are mainly related to loans and borrowings obtained by the Group. The structure of assets pledged as security changed significantly in 2018, when the Group obtained a refinancing in the form of loans from the Group's shareholder (AI Prime Bidco S.a.r.l.).

Right-of-use assets related with leases are presented in Note 15.

The summary of assets pledged as security for liabilities, based on their carrying amounts in the statement of financial position as at the end of each of the periods are as follows:

Item in the statement of financial position	31 December 2019	31 December 2018	31 December 2017
Intangible assets	-	-	100.7
Property, plant and equipment	-	-	489.8
Other receivables	-	-	6.3
Other financial assets	-	-	1.4
Other non-current assets	-	-	0.1
Inventories	-	-	2.0
Other current financial assets	-	-	0.2
Trade and other receivables	-	-	144.0
Income tax asset	-	-	1.1
Other assets	-	-	34.6
Cash and cash equivalents	113.0	61.5	125.6
Assets held for sale	-	-	6.8
<b>Total carrying amount of assets pledged as security for liabilities</b>	<b>113.0</b>	<b>61.5</b>	<b>912.6</b>

According to the credit agreement dated September 13, 2018 with later annexes concluded between the Integer.pl Group, Al Prime Bidco S.a.r.l. and KKR Lending Partners (GBP), some of the Group's assets are pledged as securities for liabilities under this agreement. According to the provisions of the agreement, the following forms of collateral were put in place:

- shares in Integer.pl S.A., InPost sp. z o.o. (formerly InPost Express Sp. z o.o.), InPost Paczkomaty sp. z o.o., InPost S.A. and Integer Group Services sp. z o.o.,
- cash at bank,
- intra-group receivables.

Shares and intra-group receivables are eliminated for the purposes of preparation this historical consolidated financial information.

According to the credit agreement dated May 12, 2017 with later annexes, some of the Groups' companies assets were pledged as securities for liabilities under this agreement. According to the provisions of the agreement, the following forms of collateral and covenants were put in place:

- registered and financial liens on shares in the companies that were party to the credit agreement;
- liens on the entity, on assets that were not pledged as securities according to other agreements;
- registered and financial liens on bank accounts of companies that were party to the credit agreement;
- assignment of rights, including insurance policies and receivables from intra-group loans;
- submission to enforcement under the Civil Code;
- registered liens on trademarks;
- powers of attorney to bank accounts;
- subordination agreement of liabilities arising from intra-group loans;
- joint mortgage on real estate.

As at December 31, 2019 the above collateral and covenants no longer apply.

**17. Other assets**

	31 December 2019	31 December 2018	31 December 2017
<b>Non-current</b>	<b>0.2</b>	<b>-</b>	<b>0.5</b>
Policies, other insurance	0.2	-	0.1
Prepaid services	-	-	0.4
<b>Current</b>	<b>28.6</b>	<b>22.9</b>	<b>38.6</b>
Policies, other insurance	2.9	0.5	0.2
Prepaid services	2.8	3.6	8.0
Prepayments for property, plant and equipment and intangible assets	0.1	-	-
Prepayments for inventories	22.8	18.7	30.4

**18. Other non-current receivables**

	31 December 2019	31 December 2018	31 December 2017
<b>Gross carrying amount</b>	<b>3.3</b>	<b>10.2</b>	<b>31.4</b>
<b>Impairment losses - at the beginning of the period</b>	<b>4.3</b>	<b>25.1</b>	<b>25.1</b>
Impairment loss	(4.2)	-	-
Transfer to current receivables	-	(20.8)	-
<b>Impairment losses - at the end of the period</b>	<b>0.1</b>	<b>4.3</b>	<b>25.1</b>
<b>Other non-current receivables</b>	<b>3.2</b>	<b>5.9</b>	<b>6.3</b>

Other non-current receivables are financial assets consisting of deposits provided, mainly in connection with APM locations and warehouses leases.

**19. Other financial assets**

	31 December 2019	31 December 2018	31 December 2017
<b>Non-current</b>	<b>-</b>	<b>0.1</b>	<b>1.4</b>
- granted loans	-	0.1	1.4
<b>Current</b>	<b>2.5</b>	<b>0.9</b>	<b>0.2</b>
- granted loans	-	0.1	0.2
- other financial assets	2.5	0.8	-
<b>Total</b>	<b>2.5</b>	<b>1.0</b>	<b>1.6</b>

As of December 31, 2019, other current financial assets include CIRS futures contracts, being a hedge against the exchange rate and interest rate risks in relation to loans contracted with the Group's Parent. CIRS contracts have not been designated as hedging instruments and are measured at fair value through profit or loss.

Derivatives not designated as hedging instruments presented within assets reflect the positive fair value of those contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign exchange risk

for expected cash inflows and outflows. CIRS contracts are measured based on valuations provided by the issuing bank, which in the Management's assessment, reflect the fair value as of the reporting date.

## 20. Inventories

	31 December 2019	31 December 2018	31 December 2017
Semi-finished goods and work in progress	-	-	1.1
Merchandise	2.2	2.2	0.9
<b>Total inventory</b>	<b>2.2</b>	<b>2.2</b>	<b>2.0</b>

## 21. Trade and other receivables

	31 December 2019	31 December 2018	31 December 2017
Trade receivables	186.8	119.4	103.5
Other receivables	29.0	60.7	52.0
<b>Total trade and other receivables</b>	<b>215.8</b>	<b>180.1</b>	<b>155.5</b>

Trade receivables are non-interest bearing, except when overdue, and are generally on terms of 14 to 90 days.

	31 December 2019	31 December 2018
Trade receivables at fair value through profit or loss (designated to be subject to non-recourse factoring arrangements)	54.4	25.6
Trade receivables (gross) at amortized cost	220.2	205.3
Expected credit losses - individual approach	(86.0)	(106.3)
Expected credit losses – collective approach	(1.8)	(5.2)
<b>Total trade receivables</b>	<b>186.8</b>	<b>119.4</b>

*Trade receivables at fair value through profit or loss (designated to be subject to non-recourse factoring arrangements)*

Trade receivables are measured at fair value based on the pricing terms of factoring arrangements regarding transfer of receivables, which are assessed by the Management as reflecting their fair value as of the reporting date.

*Trade receivables (gross) at amortized cost*

Set out below is the movement in the allowance for expected credit losses on trade receivables:

	31 December 2019	31 December 2018	31 December 2017
<b>Opening balance</b>	<b>111.5</b>	<b>104.0</b>	<b>88.1</b>
Decrease – utilization	(4.7)	(3.0)	(3.9)
Expected/incurred credit losses recognised / (reversed)	(19.0)	10.5	19.8
<b>Closing balance</b>	<b>87.8</b>	<b>111.5</b>	<b>104.0</b>

### Movements in the allowance for expected credit losses on trade and other receivables

The total impact of the allowance movements on profit or loss for 2019 amounted to PLN 14.1 million, as a net increase of profit for 2019 (losses of PLN 8.0 million and PLN 19.8 million for the years 2018 and 2017, respectively).

Reconciliation of trade receivables allowance movements to profit or loss is presented below:

	2019	2018	2017
Impairment loss (gain) - trade receivables	(19.0)	10.5	19.8
Impairment loss (gain) - other non-current receivables	(4.2)	-	-
Impairment loss (gain) - other receivables (financial assets)	9.1	(2.5)	-
<b>Total impact on profit or loss for the year</b>	<b>(14.1)</b>	<b>8.0</b>	<b>19.8</b>
Of which:	-	-	-
Continued operations (impairment of trade receivables and other financial assets)	(3.5)	7.2	5.8
Discontinued operations	(10.6)	0.8	14.0

The information about credit exposures and expected credit losses are disclosed in Note 41.

### Other receivables

	31 December 2019	31 December 2018	31 December 2017
<b>Financial assets</b>	<b>3.0</b>	<b>18.9</b>	<b>14.1</b>
Receivables from settlement of cash-on-delivery option	-	16.1	11.4
Deposits	3.0	2.8	2.7
<b>Non-financial assets</b>	<b>26.0</b>	<b>41.8</b>	<b>37.9</b>
Receivables from the state	16.2	25.7	29.1
Other prepayments - correspondence services	1.0	5.7	-
Other	8.8	10.4	8.8
<b>Total other receivables</b>	<b>29.0</b>	<b>60.7</b>	<b>52.0</b>

## 22. Cash and cash equivalents

	31 December 2019	31 December 2018	31 December 2017
Cash in bank and at hand	113.0	61.5	127.5
<b>Total cash</b>	<b>113.0</b>	<b>61.5</b>	<b>127.5</b>
Including in currency:	35.6	17.9	88.4
Cash in EUR converted to PLN	15.4	7.9	63.4
Cash in GBP converted to PLN	20.0	9.9	24.6
Cash in USD converted to PLN	0.1	-	-
Cash in other foreign currencies converted to PLN	0.1	0.1	0.4



## 23. Non-current assets held for sale

Following a decision to discontinue providing postal services in Poland, the Management of the Group committed to a plan to sell sorting machines used in these operations. The same decision had been taken with regard to Integer's previous headquarters building located in Cracow. Accordingly, as the above mentioned assets met the criteria for being classified as held for sale, they were presented separately in the statement of financial position together with the corresponding liabilities (there was a government subsidy granted for the sorting machines presented as liabilities).

In 2019 the building was sold and the sorting machines were reclassified to Property, plant and equipment as it was assessed that their carrying amount will not be recovered through a sale transaction. As at December 31, 2019 there are no non-current assets held for sale.

Non-current assets and related liabilities classified as held for sale comprised the following categories:

	31 December 2019	31 December 2018	31 December 2017
Property, plant and equipment	-	5.6	6.8
<b>Assets held for sale</b>	<b>-</b>	<b>5.6</b>	<b>6.8</b>
Non-current liabilities - government grants	-	-	-
Current liabilities - government grants	-	(0.1)	(0.1)
<b>Liabilities associated with assets held for sale</b>	<b>-</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Net assets classified as held for sale</b>	<b>-</b>	<b>5.5</b>	<b>6.7</b>

## 24. Share capital

Series	Par value	31 December 2019	31 December 2018	31 December 2017
A series shares	PLN 1 each	3,083,500	3,083,500	3,083,500
B series shares	PLN 1 each	111,934	111,934	111,934
C series shares	PLN 1 each	535,708	535,708	535,708
D series shares	PLN 1 each	656,603	656,603	656,603
E series shares	PLN 1 each	1,550,000	1,550,000	1,550,000
H series shares	PLN 1 each	301,003	301,003	301,003
I series shares	PLN 1 each	296,886	296,886	296,886
J series shares	PLN 1 each	292,771	292,771	292,771
K series shares	PLN 1 each	46,950	46,950	46,950
L series shares	PLN 1 each	888,862	888,862	888,862
N series shares	PLN 1 each	5,110,653	5,110,653	5,110,653
O series shares	PLN 1 each	1,030,085	1,030,085	1,030,085
P series shares	PLN 1 each	4,666,343	4,666,343	4,666,343
		<b>18,571,298</b>	<b>18,571,298</b>	<b>18,571,298</b>
<b>Shares issued and fully paid</b>		<b>Quantity</b>		
As at 1 January 2017	PLN 1 each			7,764,217
As at 31 December 2017	PLN 1 each			18,571,298
As at 31 December 2018	PLN 1 each			18,571,298
As at 31 December 2019	PLN 1 each			18,571,298

## 25. Reserve capital

	31 December 2019	31 December 2018	31 December 2017
<b>Reserve capital including:</b>	<b>944.5</b>	<b>944.5</b>	<b>944.5</b>
- Share premium	944.5	944.5	944.5

The share premium represents the difference between the par value of the shares issued and the issue price.

## 26. Capital management

The Group's policy is to maintain a strong capital base so as maintain market, investor and creditor confidence and to sustain future development of the business. Management monitors capital four times a year including analysis of cost of capital and respective risks associated with each source of capital. The Group aims to ensure that its companies are able to continue operating while maximizing profitability for shareholders by optimizing the debt-to-equity ratio and maximization the return on capital.

The capital of the Group includes debt including loans and borrowings (presented in Note 27), lease liabilities (presented in Note 28) and capital attributable to shareholders (including: shares issued, capital reserve and retained earnings).

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The weighted-average interest expense on interest-bearing borrowings was 6,63% (2018: 6,63%, 2017: 6,81%).

The Group monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Total equity is calculated as the sum of equity presented in the consolidated statement of financial position and net debt.

The Group's net debt to equity ratio as at December 31, 2019, December 31, 2018 and December 31, 2017 was as follows.

	31 December 2019	31 December 2018	31 December 2017 *
Total liabilities	1,180.5	830.4	625.2
Less: cash and cash equivalents	(113.0)	(61.5)	(127.5)
<b>Net debt</b>	<b>1,067.5</b>	<b>768.9</b>	<b>497.7</b>
<b>Equity</b>	<b>389.3</b>	<b>346.9</b>	<b>368.6</b>
<b>Net debt to equity</b>	<b>2.74</b>	<b>2.22</b>	<b>1.35</b>

\* Following the adoption of IFRS 16 Leases net debt to equity increased in 2018 from 1.35 to 2.22. This is in part due to the recognition of right-of use assets and lease liabilities on January 1, 2018. The comparative information for 2017 has not been restated.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit creditors to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the presented periods.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2019, 2018 and 2017

In 2018 and 2017, no dividend was paid out to Integer's shareholders. On September 30, 2020 the ordinary Shareholders meeting of Integer decided of the distribution of PLN 40 million to be distributed as a dividend to the sole shareholder AI

Prime (Luxembourg) Bidco S.a.r.l. and PLN 120.4 million to be recorded as reserve capital with the possibility of interim dividend payment in future years.

## 27. Loans and borrowings

	31 December 2019	31 December 2018	31 December 2017
<b>Current liabilities</b>	<b>4.9</b>	<b>39.7</b>	<b>58.2</b>
Loans from related parties	-	-	23.7
Bank loans	4.9	-	18.5
Overdraft	-	39.7	16.0
<b>Non-current liabilities</b>	<b>613.3</b>	<b>398.3</b>	<b>196.7</b>
Loans from related parties	613.3	398.3	-
Bank loans	-	-	196.7
<b>Total</b>	<b>618.2</b>	<b>438.0</b>	<b>254.9</b>

Integer examines covenant requirements included in the loans agreements concluded with AI Prime Bidco S.à r.l. ("AI Prime") on a regular basis. Covenants have been met in all reporting periods covered by the historical consolidated financial information.

**Integer.pl S.A. Group**  
**Historical Consolidated Financial Information for 2017-2019**  
**in accordance with IFRS as adopted by the EU (in PLN million unless otherwise stated)**

The table below presents the details of loans and borrowings:

Loans and borrowings	Currency	Agreement	Purpose	Changes	Interest rate	Nominal value	Carrying amount 2019	Carrying amount 2018	Carrying amount 2017	Due date
AI Prime Bidco S.à r.l.	EUR	Agreement dated 27.09.2018 Annex concluded 6.09.2019	no specified	annex increasing financing facility from EUR 125 million to EUR 173 million	EURIBOR01 + margin of 6,25% - 6,5%; interests accrued during each interest period is paid on the last day of the period	EUR 173 million	518.6	306.1	-	31.03.2024
AI Prime Bidco S.à r.l.	EUR	Agreement dated 12.04.2018 Annex concluded 31.10.2019	no specified	annex changing interest rate from fixed 10% to EURIBOR01 + margin of 6,5% per annum	EURIBOR01 + margin of 6,5% per annum; interests capitalized at the reporting date to the principal amount of the loan	EUR 20 million	99.6	92.2	-	31.12.2028
mBank S.A.	EUR	Agreement dated 27.09.2018 Annex concluded 6.09.2019	no specified	annex increasing financing facility from EUR 12,5 million to EUR 23,5 million	EURIBOR 1M + 2,5 %	EUR 23,5 million	-	10.9	-	27.09.2023
Bank Polska Kasa Opieki S.A.	EUR	Agreement dated 27.09.2018 Annex concluded 6.09.2019	no specified	annex increasing financing facility from EUR 12,5 million to EUR 23,5 million	EURIBOR 1M + 2,5 %	EUR 23,5 million	-	28.8	-	27.09.2023
Consortium loan (revolving facility) mBank S.A.	PLN	Agreement dated 12.05.2017 Annex	mainly: financing and refinancing	annex increases capex financing facility by PLN 25 million and	WIBOR 6M + margin 2% - 3,25%	PLN 245 million	-	-	8.2	12.05.2018 - 12.05.2022

Loans and borrowings	Currency	Agreement	Purpose	Changes	Interest rate	Nominal value	Carrying amount 2019	Carrying amount 2018	Carrying amount 2017	Due date
Consortium loan (revolving facility) Bank Zachodni WBK S.A.		concluded 07.06.2017	finance liabilities, refinancing lease	revolving facility by PLN 15 million			-	-	7.6	
Consortium loan (revolving facility) ING Bank Śląski S.A.							-	-	0.2	
Consortium loan (facility A, B, Capex)							-	-	215.2	
AI Prime Bidco S.à r.l.	GBP	Agreement dated 21.12.2017 Annex concluded 12.2017	not specified	annex amending the Final Maturity Date to 31 May 2018	5% per annum	GBP 5,1 million	-	-	23.7	31.05.2018

Collateral for loans and borrowings is presented in Note 37.

**28. Other financial liabilities**

	31 December 2019	31 December 2018	31 December 2017
<b>Non-current</b>	<b>124.4</b>	<b>79.2</b>	<b>58.1</b>
- lease liabilities	124.4	79.2	58.1
<b>Current</b>	<b>152.3</b>	<b>90.0</b>	<b>46.1</b>
- lease liabilities	150.9	88.0	44.5
- derivatives	-	-	0.1
- factoring liabilities	1.4	2.0	1.5
<b>Total</b>	<b>276.7</b>	<b>169.2</b>	<b>104.2</b>

**29. Reconciliation of movements of liabilities to cash flows arising from financing activities**

31 December 2019	Loans and borrowings	Lease liabilities
<b>Amount at the beginning of period</b>	<b>438.0</b>	<b>167.2</b>
<b>Changes from financing cash flows</b>		
Proceeds from loans and borrowings	182.8	-
Payment of principal portion of lease liability	-	(136.5)
<b>Total changes from financing cash flows</b>	<b>182.8</b>	<b>(136.5)</b>
<b>Other changes</b>		
Lease additions	-	249.4
Interest expense	39.2	14.7
Interest paid	(31.1)	(12.3)
Other changes	4.2	-
Offset of lease liabilities and receivables	-	(4.2)
Effect of changes in foreign exchange rates	(14.9)	(3.0)
<b>Total liability-related other changes</b>	<b>(2.6)</b>	<b>244.6</b>
<b>Amount at the end of period</b>	<b>618.2</b>	<b>275.3</b>



31 December 2018	Loans and borrowings	Lease liabilities
<b>Amount at the beginning of period</b>	<b>254.9</b>	<b>102.6</b>
<b>Changes from financing cash flows</b>		
Proceeds from loans and borrowings	447.1	-
Repayment of loans and borrowings	(279.7)	-
Payment of principal portion of lease liability	-	(94.1)
<b>Total changes from financing cash flows</b>	<b>167.4</b>	<b>(94.1)</b>
<b>Other changes</b>		
Lease additions	-	152.3
Interest expense	26.4	13.5
Interest paid	(14.0)	(9.6)
Other changes	0.8	
Effect of changes in foreign exchange rates	2.5	2.5
<b>Total liability-related other changes</b>	<b>15.7</b>	<b>158.7</b>
<b>Amount at the end of period</b>	<b>438.0</b>	<b>167.2</b>

31 December 2017	Loans and borrowings	Lease liabilities	Bonds
<b>Amount at the beginning of period</b>	<b>42.0</b>	<b>74.2</b>	<b>141.6</b>
<b>Changes from financing cash flows</b>			
Proceeds from loans and borrowings	93.6	-	-
Repayment of loans and borrowings	(32.7)	-	-
Payment of principal portion of lease liability	-	(39.1)	-
Proceeds from issue of debt financial instruments	-	-	37.9
Repayment of debt financial instruments	-	-	(24.7)
<b>Total changes from financing cash flows</b>	<b>60.9</b>	<b>(39.1)</b>	<b>13.2</b>
<b>Other changes</b>			
Lease additions	-	98.3	-
Interest expense	6.7	8.0	6.5
Interest paid	(6.0)	(5.2)	(2.7)
Offset of lease liabilities and receivables	-	(41.0)	-
Offset of bonds and loans and borrowings	158.6	-	(158.6)
Change of lease liability presentation related to assets sold and leased back	(7.4)	7.4	-
<b>Total liability-related other changes</b>	<b>151.9</b>	<b>67.5</b>	<b>(154.8)</b>
<b>Amount at the end of period</b>	<b>254.9</b>	<b>102.6</b>	<b>-</b>

### 30. Contingent assets and liabilities

#### Coverage of net cost of common services provided by the appointed operator - Poczta Polska (contingent liability)

InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. are registered as a postal operators in the register maintained by the Polish authority charged with regulating postal operators.

The Polish Postal Act provides that universal postal services, comprising sorting, transport and delivery of letter-post items and postal parcels of specified dimensions, are provided by the designated operator (currently, Poczta Polska S.A. ("**Polish Post**")). Further, the Polish Postal Act provides that the designated operator may apply for a certain subsidy in the form of the financing of the net cost, due to the fact that designated operator is obliged to fulfill a number of obligations, including providing services throughout the country and incurs certain costs. The net cost is the difference between the justified net cost of operations of the designated operator and the net cost of operations of the same operator providing postal services but not subject to the universal service obligation, minus the indirect benefits related to the provision of universal services and the benefits resulting from special or exclusive rights granted to the designated operator.

The financing of the net cost is triggered when the provision of universal services has resulted in a loss, understood as a negative result on the sale of these services. The net cost is financed up to the amount of the loss on the provision of universal services. The Polish Postal Act establishes a mixed method of financing the net cost. In the first place, the net cost should be financed by postal operators providing universal services or services falling within the scope of universal services, whose revenue from these services in the financial year for which the surcharge is determined exceeded PLN 1.0 million. Each postal operator is obliged to participate in the surcharge finances the net cost in the amount established as the proportion of their revenues from the provision of universal services or services falling within the scope of universal services to the total revenues of all postal operators obtained from the provision of such services. The Polish Postal Act provides for a maximum share of each operator in the subsidy of up to 2% of the amount of revenues obtained by the relevant operator from universal services or services falling within the scope of universal services. If the sum of the shares in the surcharge is not sufficient to finance the total net cost, the excess is financed from the State.

This above means that if the designated operator (i.e. the Polish Post) incurs a loss from the provision of universal services, it may apply for the financing the net cost, resulting in the obligation of InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. to participate in the surcharge of up to 2% of the amount of revenues obtained by InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. from universal services or services falling within the scope of universal services (if their revenue from these services in the financial year for which the surcharge is determined exceeded PLN 1.0 million). Since the introduction of the above-described regulation concerning the financing of the net costs, the designated operator (Polish Post) sustained a loss on the provision of universal services for the 2013. As a result, the President of the Office of Electronic Communications (Urząd Komunikacji Elektronicznej - "UKE") issued a decision obliging postal operators other than Polish Post to transfer PLN 95.1 million to Polish Post as a surcharge. Subsequently, the President of UKE instigated proceedings aimed at establishing the amount to be paid by each entity, including InPost S.A. and InPost Paczkomaty sp. z o.o. (which in 2013 provided universal postal services). As of today, the President of UKE has not yet determined the amounts of the surcharge to the universal services that would be payable by InPost S.A. and InPost Paczkomaty sp. z o.o. It is estimated that the maximum aggregate sum to be paid by InPost S.A. and InPost Paczkomaty sp. z o.o. will amount to approx. PLN 3.2 million. After 2013 the Polish Post did not incur losses from provision of universal services. If the Polish Post (or another relevant designated operator) would incur losses from the provision of universal services in the future, the above-mentioned regime would apply and the

relevant Group entities providing universal services or services falling within the scope of universal services in the financial year to which the loss would relate, could be obliged to participate in covering the relevant amount of the net costs.

#### Tax inspection on the subject of contribution in kind made in 2013 (contingent asset)

In 2018 tax inspection took place in Verbis 2 Sp. z o.o. Sp. k. which related to the method applied for determining the tax base for the transaction of a contribution in kind that was realized in April 2013. In 2018 Verbis 2 Sp. z o.o. Sp.k. was merged with another subsidiary - InPost Paczkomaty sp. z o.o. and the procedure is pending against Inpost Paczkomaty as the legal successor.

Considering the possible results of the inspection, InPost Paczkomaty Sp. z o.o. issued a correction invoice for the amount of PLN 5.8 million. As a result of issuing the correction invoice the entity recognized an amount of input VAT of minus PLN 5.8 million. In June 2018 this amount was paid together with the interest of PLN 2.8 million on the corrected transaction. The contingent assets relates to the interest paid.

The entity appealed the decision of the tax authorities from the inspection to the Provincial Administrative Court in Kraków.

The Provincial Administrative Court's ruled to cancel the decision of the tax authorities due to procedural reasons.

In 2019 the Director of the Małopolska Customs and Tax Office submitted a cassation appeal.

In the opinion of the Management Board, the case should be resolved within two years.

### 31. Provisions and employee benefits

	Provision for exit costs	Employee benefits	Performance bonuses	Other	Total
<b>Balance as at 31.12.2016</b>	<b>9.7</b>	<b>2.6</b>	-	<b>0.7</b>	<b>13.0</b>
Recognition/(release)	10.9	(0.6)	-	1.2	11.5
Use	3.1	0.1	-	-	3.2
<b>Balance as at 31.12.2017</b>	<b>17.5</b>	<b>1.9</b>	-	<b>1.9</b>	<b>21.3</b>
Recognition/(release)	(6.3)	1.8	5.0	4.3	4.8
Use	2.9	1.8	-	-	4.7
<b>Balance as at 31.12.2018</b>	<b>8.3</b>	<b>1.9</b>	<b>5.0</b>	<b>6.2</b>	<b>21.4</b>
Recognition/(release)	(1.4)	3.7	8.3	6.7	17.3
Use	2.6	1.7	5.0	-	9.3
<b>Balance as at 31.12.2019</b>	<b>4.3</b>	<b>3.9</b>	<b>8.3</b>	<b>12.9</b>	<b>29.4</b>
Short-term	4.3	3.4	8.3	2.8	<b>18.8</b>
Long-term	-	0.5	-	10.1	<b>10.6</b>

An analysis of the effects of recognition and release of provisions and employee benefits on profit or loss is presented below:

	2019	2018	2017
<b>Total impact of net recognition/(release) on profit or loss for the year</b>	<b>17.3</b>	<b>4.8</b>	<b>11.5</b>
Of which:			
Continued operations	18.7	11.1	0.6
Discontinued operations	(1.4)	(6.3)	10.9

#### **Provision for exit costs**

Provisions for exit costs are recognised for obligations resulting from decision to discontinue operations and liquidate a subsidiary. Provisions were recognised mainly for operations in France and Canada. Provisions mainly relate to estimated penalties for early contract termination, land lease payments, restoration costs after automatic parcel machine removal, transport costs, bonuses and severance pay for employees.

The below table presents a summary of employee benefits:

	31 December 2019		31 December 2018		31 December 2017	
	Long-term	Short-term	Long-term	Short-term	Long-term	Long-term
Post-mortem severance	0.2	-	0.2	-	0.1	-
Retirement benefit	0.4	-	0.1	-	0.1	-
Unused holiday provision	-	3.3	-	1.7	-	1.7
Performance bonuses	-	8.3	-	5.0	-	-
Exit Fee bonus	10.0	-	5.2	-	-	-
<b>TOTAL</b>	<b>10.6</b>	<b>11.6</b>	<b>5.5</b>	<b>6.7</b>	<b>0.2</b>	<b>1.7</b>

The Group is not a party to any wage bargaining agreements or collective employment agreements. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of retirement benefits payable to employees pursuant to the Labour Code provisions at the end of their employment period. Short-term and long-term employee benefits also include performance bonuses and a Cash Bonus Plan for senior management.

Short-term employee benefit liabilities are measured according to general principles. Long-term benefits are estimated using actuarial methods.

#### **Defined benefit obligation**

For the purpose of determining employee benefits related to defined benefit obligations the Group applied the projected unit credit method.

The following were the principal actuarial assumptions at the reporting date:

	2019	2018	2017
Discount rate	1.68%	2.09%	3.50%
Future salary growth	2.50%	2.70%	2.30%

### **Other long-term employee benefits – Cash Bonus Plan**

The Group recognizes other long-term employee benefits concerning the Cash Bonus Plan ("CBP") for senior management. Members were added to the programme in 2018 and 2019. Under the CBP, members are eligible for a one-off cash payment based on their remuneration from Integer for the 12 months prior to Exit (Exit is defined as either the listing of Integer on the stock exchange or a disposal by the parent of the Group) and the multiple which depends on the exit EBITDA of Integer. Full CBP participation is only possible if the employee is still employed by Integer at the Exit date. Appropriate bad leaver definitions and penalties apply if the person leaves Integer before Exit. In estimating the provision in 2018 and 2019 the Exit was assumed to occur in Q2 2022.

For the purpose of determining the provision for employee benefits related to other long term employee benefits ("CBP"), the Group applied the projected unit credit method.

The following were the principal actuarial assumptions at the reporting date:

	2019	2018
Discount rate	1.68%	2.09%
Estimated EBITDA*	400.0	400.0

\*Highest possible EBITDA threshold for the bonus

The table below presents sensitivity analysis to changes in key actuarial assumptions:

	2019	2018
<b>Provision for Exit Fee bonuses</b>	<b>10.0</b>	<b>5.2</b>
Discount rate - 1%	0.4	0.2
Discount rate - 0,5%	0.2	0.1
Discount rate + 0,5%	(0.1)	(0.1)
Discount rate + 1%	(0.3)	(0.2)
Forecasted EBITDA PLN -100 million	(2.0)	(1.0)
Forecasted EBITDA PLN + 100 million	-	-
Forecasted leavers - 1 person (Good Leaver)	0.3	(4.7)
Forecasted leavers + 1 person (Good Leaver)	(0.2)	(0.1)

### 32. Share-based payments

The Key Management Personnel of the Group has been granted shares in AI Prime & CY S.C.A. ("MIP Shares") as part of the Management Incentive Plan ("MIP"). The F-class shares had been purchased by the MIP participants at a nominal value of 0.07 EUR per share. The shares vest at 10% at grant date and thereafter at 10% per year and finally 50% at Exit date. Each of the 10% and 50% portions is treated as a separate tranche running parallel (graded vesting).

The number of shares granted is different depending on the Key Personnel Member's role. Members were added to the programme in 2018 and 2019. The MIP Shares are subject to a range of limitations:

- they cannot be sold at the holder's discretion;
- they are subject to a call option which may be executed if the MIP member leaves Integer, appropriate bad leaver definitions and penalties apply;
- they do not give rights to dividends.

The following table presents the number and change in MIP Shares during the year:

	2019 MIP Shares granted	2018 MIP Shares granted
<b>Outstanding at 1 January</b>	<b>667,967</b>	<b>-</b>
Granted during the year	289,737	667,967
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
<b>Outstanding at 31 December</b>	<b>957,704</b>	<b>667,967</b>

As the Group does not have any obligation to settle the plan (and hence it will not impact the Group's cash-flow), the programme is treated as equity settled. The fair value of the shares is estimated at the grant date using the Black-Scholes Merton pricing model, taking into account the terms and conditions on which the shares were granted and the restrictions referred to above. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these shares nor a previous practice of exercising the call option. The Management assumed the following in the below calculation of the value of shares granted: The following conditions need to be met for the MIP shares to provide a return in excess of nominal value (i) successful exit and (ii) cash on cash return higher than 2.



The Management has determined the value of shares granted based on the parameter set out below:

Valuation parameters	Jan-18	Feb-18	Jun-18	Sep-18	Jul-19	Oct-19	Nov-19
Value of MIB share(EUR)	0.07	0.07	0.07	0.07	2.38	45.11	45.11
Number of shares granted	304,011	149,864	71,364	142,728	107,046	142,728	39,963
Expiration date (expected exit)	30.06.2022	30.06.2022	30.06.2022	30.06.2022	30.06.2022	30.06.2022	30.06.2022
Risk free interest rate	2.63	2.63	2.55	2.55	1.8	1.8	1.8
Annual dividend yield (%)	0	0	0	0	0	0	0
Volatility (%)	5.7	5.7	5.7	6.3	20	20	20
Assumed call option execution (%)	0	0	0	0	0	0	0
Model used	Black-Scholes Merton	Black-Scholes Merton	Black-Scholes Merton	Black-Scholes Merton	Intrinsic value + Black-Scholes Merton relating to option time value	Intrinsic value + Black-Scholes Merton relating to option time value	Intrinsic value + Black-Scholes Merton relating to option time value

The MIP programme does not have an exercise price. The payoff depends on the waterfall as provided for in the shareholders agreement in SHA. The exercise price assumed in the BSM model amounts to EUR 490 million.

As the nominal value of shares granted was higher than their fair value at grant dates up to December 2018, no expense was recognized in the financial statements for 2018. The fair value as at July, October and November 2019 grant dates was higher than the nominal value. Accordingly, Integer will recognise an expense over the vesting period with a corresponding contribution from the parent recognised in equity (other reserves) in relation to the MIP Shares granted at those dates.

	2019	2018	2017
Expense arising from MIP	1.7	-	-
<b>Total expense</b>	<b>1.7</b>	<b>-</b>	<b>-</b>

There were no cancellations or modifications to the MIP programme in 2019.

### 33. Other liabilities

Current other liabilities	31 December 2019	31 December 2018	31 December 2017
<b>Non-financial liabilities</b>			
Contract liabilities	1.5	6.8	-
Other accruals	0.7	0.1	1.1
Payroll liabilities	12.9	4.7	3.2
Advances received	-	-	2.6
Liabilities to the state	15.2	8.8	13.6
<b>Total other current liabilities</b>	<b>30.3</b>	<b>20.4</b>	<b>20.5</b>

Non-current other liabilities	31 December 2019	31 December 2018	31 December 2017
<b>Non-financial liabilities</b>			
Contract liabilities	-	0.1	0.2
<b>Total other non-current liabilities</b>	<b>-</b>	<b>0.1</b>	<b>0.2</b>

### 34. Trade payables and other liabilities

	31 December 2019	31 December 2018	31 December 2017
<b>Financial liabilities</b>			
<b>Trade payables</b>	<b>154.3</b>	<b>120.1</b>	<b>150.8</b>
to third parties	154.3	120.1	150.8
<b>Other payables</b>	<b>37.0</b>	<b>42.2</b>	<b>52.7</b>
Liabilities from settlement of cash-on-delivery option	16.2	24.6	40.8
Uninvoiced deliveries	-	0.6	0.2
Capital expenditure liabilities	18.3	15.4	6.6
Other	2.5	1.6	5.1
<b>Total trade and other payables</b>	<b>191.3</b>	<b>162.3</b>	<b>203.5</b>

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing, unless in default, and are normally settled on 30-day terms;
- cash-on-delivery collected from recipients of parcels is passed on to the sender shortly after receipt.

For explanations of the Group's liquidity risk management processes, refer to Note 41.

### 35. Government grants

	31 December 2019	31 December 2018	31 December 2017
<b>Government grants</b>	<b>14.4</b>	<b>14.9</b>	<b>13.8</b>
Non-current	11.2	8.0	10.3
Current	3.2	6.9	3.5

Government grants from EU projects are granted with a purpose of extending the network of automatic parcel machines in various regions of Poland, to develop and implement new technologically solutions in the production of the automatic parcel machines and to launch in a unique automatic sorting hub in Wola Bykowska. The Group also obtained grants for FMCG shipping and delivery technologies through a prototypical network of RLM's as well as manufacturing a demo installation of terminals combining the functionalities of an ATM and a parcel machine.

As of the end of each presented year the Group complied with the relevant conditions to receive grants. There is no future obligations to be fulfilled in relation to those grants.

### 36. Explanations to the cash flow statement

	2019	2018	2017
<b>Change in trade and other receivables in the consolidated statement of financial position</b>	<b>(33.0)</b>	<b>(24.2)</b>	<b>65.7</b>
Discounting of other non-current receivables	-	-	2.8
Trade and other receivables impairment losses	14.1	(8.0)	(5.8)
Set-off against lease liabilities	-	-	(40.9)
Change in receivables from sale in sale and lease-back transaction	(5.0)	(11.9)	-
Exchange differences	(5.1)	(4.5)	-
Other	0.3	2.7	(0.2)
<b>Change in trade and other receivables</b>	<b>(30.6)</b>	<b>(45.9)</b>	<b>21.6</b>

	2019	2018	2017
<b>Change in inventories in the consolidated statement of financial position</b>	<b>-</b>	<b>(0.3)</b>	<b>15.8</b>
Change in presentation of materials used in the manufacture of automatic parcel machines	-	-	(15.9)
<b>Change in inventories</b>	<b>-</b>	<b>(0.3)</b>	<b>(0.1)</b>

	2019	2018	2017
<b>Change in other assets in the consolidated statement of financial position</b>	<b>(5.9)</b>	<b>16.2</b>	<b>(33.0)</b>
Prepayments for materials used in the manufacture of automatic parcel machines	3.5	(16.3)	31.7
<b>Change in other assets</b>	<b>(2.4)</b>	<b>(0.1)</b>	<b>(1.3)</b>

	2019	2018	2017
<b>Change in finance liabilities other than loans and borrowings in the consolidated statement of financial position</b>	<b>28.6</b>	<b>(41.2)</b>	<b>(17.2)</b>
Change in capital expenditure liabilities	(2.4)	(7.2)	(5.9)
Exchange differences	(5.0)	(4.5)	30.2
Other	0.9	2.0	1.9
<b>Change in finance liabilities other than loans and borrowings</b>	<b>22.1</b>	<b>(50.9)</b>	<b>9.0</b>

	2019	2018	2017
<b>Change in employee benefits, provisions and government grants in the consolidated statement of financial position</b>	<b>7.4</b>	<b>1.2</b>	<b>1.8</b>
Government grants received	(2.4)	(3.6)	(1.6)
Reversal of provisions in relation to receivables written down	-	8.2	-
Other	0.5	-	-
<b>Change in employee benefits, provisions and government grants</b>	<b>5.5</b>	<b>5.8</b>	<b>0.2</b>

	2019	2018	2017
<b>Total net finance costs</b>	<b>39.1</b>	<b>46.1</b>	<b>57.3</b>
Foreign exchange differences realised on working capital	(0.5)	-	20.8
Bank fees paid	2.5	2.0	1.7
Penalty interest paid	2.5	1.0	-
Other	(5.5)	0.3	4.6
<b>Finance costs/(income) adjustment</b>	<b>40.1</b>	<b>42.8</b>	<b>30.2</b>

### 37. Guarantees and other security

As at December 31, 2019 the total amount of bank guarantees granted on behalf of the Group amounted to PLN 23.6 million (as at December 31, 2018 amounted to PLN 14.8 million and as at December 31, 2017 amounted to PLN 4.8 million). Bank guarantees are provided as collateral for the obligations arising from contracts entered into by the Group.

### 38. Information about related parties

#### 38.1. Transactions with personally-related entities

Services rendered to the Group by personally-related entities include inter-alia: management services, quality control, marketing, distribution, advertising, legal consulting and deliveries of materials for postal services.

No impairment allowance has been recognized in relation to these transactions. Receivables from related entities are not interest-bearing and are not hedged. Repayment terms are on market terms.

Entity's name	Transactions		
	2019	2018	2017
<b>Purchases</b>			
A&R Investments Limited	-	-	0.7
Benhauer Sp. z o.o.	0.1	-	0.1
BValue Angels 1 sp. z o.o.	0.1	-	-
Consulting Services Marcin Pulchny	0.4	0.4	0.3
F.H. Fenix Rafał Brzoska	1.0	1.3	0.8
Lidar Management Dariusz Lipiński	0.4	0.2	-
FINSTRAT Adam Aleksandrowicz	0.7	0.8	-
Advent International Corporation.	-	0.9	-
QUANTUM Damian Niewiadomski	0.7	0.4	0.4
Usługi Doradztwa biznesowego Sebastian Anioł	0.7	0.3	-
Nowa Idea Joanna Burgiel	0.5	0.4	0.3
Just Trust Izabela Karolczyk-Szafrńska	0.4	-	-
ML Trade Michał Lis	0.6	0.4	0.3
Magdalena Ociepa	0.5	0.4	0.1
Michał Wróbel	0.5	0.3	0.2
Łukasz Turczyński	0.5	0.3	0.2
<b>Total</b>	<b>7.1</b>	<b>6.1</b>	<b>3.4</b>

Entity's name	Transactions		
	2019	2018	2017
<b>Sales</b>			
Lidar Management Dariusz Lipiński	0.1	-	-
<b>Total</b>	<b>0.1</b>	<b>-</b>	<b>-</b>

Entity's name	Balances		
	31 December 2019	31 December 2018	31 December 2017
<b>Liabilities</b>			
Benhauer Sp. z o.o.	-	-	0.1
F.H. Fenix Rafał Brzoska	-	-	0.1
Advent International Corporation.	0.7	0.9	-
DJW Inwestycje sp. z o.o.	0.1	-	-
<b>Total</b>	<b>0.8</b>	<b>0.9</b>	<b>0.2</b>

### 38.2. Transactions with equity-related entities

The list of equity related entities include associates and the parent of the Group, Al Prime Bidco S.a r. l. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted using the equity method.

All outstanding balances with these related parties are priced on an arm's length basis. No expense has been recognised in the current year or prior years due to impairment of amounts owed by related parties. No guarantees have been given or received.

Related party transactions and balances						
Entity's name	Transactions			Balances		
	2019	2018	2017	31 Dec 2019	31 Dec 2018	31 Dec 2017
<b>Parent of the Group - Al Prime Bidco S. a r. l.</b>						
Loan and related interest	-	-	-	(618.2)	(398.3)	(23.7)
Finance income	0.1	-	-	-	-	-
Finance costs	39.2	9.3	-	-	-	-
<b>Associates – revenue and receivable balances</b>						
EasyPack Plus Self Storage LLC (UAE)	-	0.1	0.2	-	-	-
Tisak InPost LLC (HR)	-	-	0.2	-	-	-
Pralniomaty Sp. z o.o.	-	-	0.1	-	-	0.2

### 39. Remuneration of key management personnel

Integer defines the Key Management Personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group. As per this definition the Key Management Personnel has been defined as the Management Board and Supervisory Board of the Parent plus the Key Management Personnel eligible under the MIP (SBP) described in Note 32.

	2019	2018	2017
Base remuneration and other short-term employee benefits	9.4	6.4	3.3
Other long-term employee benefits (MIP)	1.7	-	-
<b>Total remuneration</b>	<b>11.1</b>	<b>6.4</b>	<b>3.3</b>

### 40. Financial instruments

#### 40.1 Financial instruments by category

	Category under IFRS 9 (2018-2019)	Category under IAS 39 (2017)	Carrying amount			Fair value
			31 December 2019	31 December 2018	31 December 2017	
Financial assets measured at fair value through profit or loss						
Derivative instruments other than used for hedging	at FVTPL	at FVTPL	2.5	0.8	-	Level 2
Trade receivables designated to be transferred under non-recourse factoring arrangements	at FVTPL	loans and receivables	54.4	25.6	10.4	Level 2
Financial assets not measured at fair value						
Trade receivables	at amortized cost	loans and receivables	132.4	93.8	93.1	
Other receivables - current	at amortized cost	loans and receivables	3.0	18.9	14.1	
Other receivables - non-current	at amortized cost	loans and receivables	3.2	5.9	6.3	
Loans granted	at amortized cost	loans and receivables	-	0.2	1.6	Level 2
Cash and cash equivalents	at amortized cost	loans and receivables	113.0	61.5	127.5	
Total financial assets			308.5	206.7	253.0	



	Category under IFRS 9 (2018-2019)	Category under IAS 39 (2017)	Carrying amount			Fair value
			31 December 2019	31 December 2018	31 December 2017	
Financial liabilities measured at fair value						
Derivative instruments other than used for hedging	FVTPL	FVTPL	-	-	0.1	Level 2
Financial liabilities not measured at fair value						
Current loans and borrowings	Other financial liabilities	Other financial liabilities	4.9	39.7	58.2	Level 2
Non-current loans and borrowings	Other financial liabilities	Other financial liabilities	613.3	398.3	196.7	Level 2
Trade and other payables	Other financial liabilities	Other financial liabilities	191.3	162.3	203.5	
Non-current lease liabilities	Other financial liabilities	Other financial liabilities	124.4	79.2	58.1	
Current lease liabilities	Other financial liabilities	Other financial liabilities	150.9	88.0	44.5	
Current factoring liabilities	Other financial liabilities	Other financial liabilities	1.4	2.0	1.5	
Total financial liabilities			1,086.2	769.5	562.6	

## 40.2 The fair value hierarchy of financial instruments

The management assessed that the fair values of cash and short-term deposits, trade and other short-term financial receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as of the reporting date was assessed to be insignificant. Based on the analysis performed, the Management assessed that the carrying amount of the long-term loans and borrowings are reasonable approximations of fair values.

Measurement of derivative instruments not designated for hedge accounting is classified as level 2 in the fair value hierarchy, which is based on various valuation methods using market observable data. The fair value of derivative contracts is determined by the Group based on the valuation provided by banks.

Trade receivables designated as to be transferred under non-recourse factoring arrangements are measured at fair value classified to level 2 in the fair value hierarchy. The fair value of these receivables is determined by the adjustment of nominal

amounts transferred to the factor by the factor's commissions/ fees, which was assessed by the management to reflect market prices of these receivables.

#### 41. Financial risk management objectives

The Group's operations are exposed to many different types of financial risk: market risk (including the risk of changes in foreign exchange rates and the risk of changes in fair value or cash flows due to changes in interest rates), credit risk and liquidity risk.

The Group's risk management policy aims to minimize the potential unfavourable financial risks impact on financial result. The Management Board of the Parent is responsible for risk management through conducting ongoing analysis of financial risks and taking appropriate decisions in this regard.

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### Currency risk

The Group is exposed to currency risks resulting from transactions in various foreign currencies, predominantly EUR and GBP. However, due to the fact, that the Group conducts its operations mainly domestically, the currency risk is minimized.

Following exchange rates were used at the reporting dates:

Exchange rate at reporting date			
	31 December 2019	31 December 2018	31 December 2017
EUR	4.2585	4.3000	4.1709
GBP	4.9971	4.7895	4.7001

Average exchange rate for the period			
	2019	2018	2017
EUR	4.3018	4.2669	4.2447
GBP	4.9106	4.8142	4.8457

The tables below present the exposure to currency risk and sensitivity analysis of a reasonable possible strengthening (weakening) of foreign currencies which would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of changes on forecasts sales and purchases.

## Exposure and sensitivity analysis to currency risk in 2019:

2019	Carrying amount	Amount exposed to risk	GBP/PLN		EUR/PLN	
			financial result after tax		financial result after tax	
			GBP/PLN exchange rate "+10%"	GBP/PLN exchange rate "-10%"	EUR/PLN exchange rate "+10%"	EUR/PLN exchange rate "-10%"
Cash and cash equivalents	113.0	35.7	1.6	(1.6)	1.3	(1.3)
Trade receivables and other	193.0	5.7	0.2	(0.2)	0.2	(0.2)
CIRS	2.5	2.5	-	-	6.7	(6.7)
Trade liabilities and other payables	191.3	8.7	(0.4)	0.4	(0.2)	0.2
Loans and borrowings	618.2	613.3	-	-	(49.7)	49.7
Other financial liabilities	276.7	26.0	(0.6)	0.6	(1.5)	1.5
<b>Total</b>	<b>1,394.7</b>	<b>691.9</b>	<b>0.8</b>	<b>(0.8)</b>	<b>(43.2)</b>	<b>43.2</b>

## Exposure and sensitivity analysis to currency risk in 2018:

2018	Carrying amount	Amount exposed to risk	GBP/PLN		EUR/PLN	
			financial result after tax		financial result after tax	
			GBP/PLN exchange rate "+10%"	GBP/PLN exchange rate "-10%"	EUR/PLN exchange rate "+10%"	EUR/PLN exchange rate "-10%"
Cash and cash equivalents	61.5	17.9	0.8	(0.8)	0.6	(0.6)
Trade receivables and other	144.2	8.9	0.2	(0.2)	0.4	(0.4)
CIRS	0.8	0.8	-	-	2.1	(2.1)
Loans granted	0.2	-	-	-	-	-
Trade liabilities and other payables	162.3	9.2	(0.3)	0.3	(0.3)	0.3
Loans and borrowings	438.0	438.0	-	-	(32.2)	32.2
Other financial liabilities	169.2	48.8	(0.6)	0.6	(3.3)	3.3
<b>Total</b>	<b>976.2</b>	<b>523.6</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(32.7)</b>	<b>32.7</b>

## Exposure and sensitivity analysis to currency risk in 2017:

2017	Carrying amount	Amount exposed to risk	GBP/PLN		EUR/PLN	
			financial result after tax		financial result after tax	
			GBP/PLN exchange rate "+10%"	GBP/PLN exchange rate "-10%"	EUR/PLN exchange rate "+10%" rate	EUR/PLN exchange rate "-10%"
Cash and cash equivalents	127.5	88.4	2.0	(2.0)	5.1	(5.1)
Trade and other receivables	123.9	22.4	0.2	(0.2)	1.6	(1.6)
Loans granted	1.6	0.3	-	-	-	-
Trade and other payables	203.5	50.6	(0.4)	0.4	(3.4)	3.4
Loans and borrowings	254.9	-	-	-	-	-
Other financial liabilities	104.2	56.9	0.6	(0.6)	4.0	(4.0)
<b>Total</b>	<b>815.6</b>	<b>218.6</b>	<b>2.4</b>	<b>(2.4)</b>	<b>7.3</b>	<b>(7.3)</b>

Interest rate risk

The interest rate risk arises on bank loans, leases and loans granted by changing their future cash flows. The Group analyses the level of interest rate risk on an on-going basis aiming to minimize interest rate risk. The Group assesses the impact of interest rate fluctuations on profit and loss and adjusts the debt instruments structure when necessary.

The tables below presents the profile of the Group's interest-bearing financial instruments and sensitivity of analysis as follow.

A reasonably possible change of 10 basis points in interest rates at the reporting date would have increased (decreased) the financial result by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

## Exposure and sensitivity analysis to interest rate risk in 2019:

2019	Carrying amount	Amount exposed to risk	Change in financial result after tax	
			Rate "+ 0.1 p.p."	Rate "- 0.1 p.p."
Loans and borrowings	618.2	618.2	(0.5)	0.5
Leases	275.3	275.3	(0.2)	0.2
CIRS	2.5	2.5	0.2	(0.2)
<b>Total</b>	<b>896.0</b>	<b>896.0</b>	<b>(0.5)</b>	<b>0.5</b>

## Exposure and sensitivity analysis to interest rate risk in 2018:

2018	Carrying amount	Amount exposed to risk	Change in financial result after tax	
			Rate "+ 0.1 p.p."	Rate "- 0.1 p.p."
Bank loans and borrowings	438.0	438.0	(0.4)	0.4
Leases	167.2	167.2	(0.1)	0.1
Loans granted	0.2	0.2	-	-
CIRS	0.8	0.8	0.2	(0.2)
<b>Total</b>	<b>606.2</b>	<b>606.2</b>	<b>(0.3)</b>	<b>0.3</b>

## Exposure and sensitivity analysis to interest rate risk in 2017:

2017	Carrying amount	Amount exposed to risk	Change in financial result after tax	
			Rate "+ 0.1 p.p."	Rate "- 0.1 p.p."
Loans and borrowings	254.9	254.9	(0.2)	0.2
Leases	102.6	102.6	(0.1)	0.1
Loans granted	1.6	1.6	0.1	(0.1)
<b>Total</b>	<b>359.1</b>	<b>359.1</b>	<b>(0.2)</b>	<b>0.2</b>

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

*Trade receivables*

Due to the nature of its operations, the Group can be exposed to a significant risk to sales with deferred payment. Sales are made to companies, with deferred payment from 14 to 90 days.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and trade receivables are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. At December 31, 2019 and December 31, 2018, 65% of the Groups trade receivables were covered by letters of credit and other forms of credit insurance.

Additionally the Group is a party to non-recourse factoring arrangements for a significant portfolio of trade receivables, resulting in the original receivable being derecognized from the statement of financial position upon its transfer. The provisions of the non-recourse factoring arrangements meet the derecognition criteria for the trade receivables.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed for trade receivables measured at amortized cost (excluding receivables designated as to be transferred under non-recourse factoring arrangements) at each reporting date.

Set out below is the information about trade receivable past due for more than one year as well as those that have been written-off based on an individual assessment (e.g. subject to legal proceedings, bankruptcy, etc.).

	31 December 2019	31 December 2018
Trade receivables written-off based on individual assessment	86.0	106.3
Allowance for expected credit losses	(86.0)	(106.3)
<b>Total carrying amount of trade receivables under individual impairment assessment</b>	-	-

Set out below is information about the credit risk exposure on the Group's trade receivables which are subject to a provision matrix:

31 December 2019	Trade receivables		Total
	0 – 60 days	61 – 365 days	
Expected credit loss rate	0.42%	25.52%	
Total gross carrying amount	129.2	5.0	134.2
Expected credit loss	0.5	1.3	1.8

31 December 2018	Trade receivables		Total
	0 – 60 days	61 – 365 days	
Expected credit loss rate	2.59%	56.09%	
Total gross carrying amount	94.0	5.0	99.0
Expected credit loss	2.5	2.7	5.2

The significant decrease in the expected credit loss rates between 2018 and 2019 is the outcome of the changes introduced to the Group's customer credit risk management policies. Key changes introduced in 2018 were as follows:

- Stricter debt collection procedures, including formal requests for payments being issued after 2 and 7 days past invoice due dates, followed by debt collection activities if the invoice is 14 days past due (debt collection for such receivables had been outsourced to a professional debt collection partner);
- Change of payment terms for the majority of customers from 30 to 14 days (leading to decrease in the effective credit risk);
- Blocking customers' accounts – access to ordering services for customers, whose invoices are past due more than 10 days are blocked in the system, hence such customers have to settle amounts due to be able to generate new parcel labels;
- Directing problematic customers to court and as a result charging them with the court and outsourced debt collection costs.



The above initiatives did lead to an increase in the payment discipline of Integer's customers and hence to the decrease in the ECL rates.

#### *Cash and cash equivalents*

Credit risk from balances with banks and financial institutions is limited because the Group's business partners are banks with a high credit rating granted by international rating agencies.

The Group's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2019 and 2018 is their carrying amounts.

The expected credit loss relating to cash and short-term deposits of the Group rounds to zero.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management of the Group assumes maintaining an adequate level of liquid assets or available overdrafts to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputations. Additionally to above, the Group intends to maintain flexibility of financing under the available funds.

The liquidity risk is mitigated by ongoing planning of liquidity requirements and by monitoring liquidity. The Group controls its liquidity by maintaining sufficient cash and cash equivalents and constant monitoring of its cash flow as well as by ensuring that the lines of credit at banks and similar overdraft instruments are available in addition to cash inflows from operating activities. On top of that, as part of liquidity risk management, the Group is taking advantage of factoring agreements as well as ensuring that in certain cases a significant part of the price for services is prepaid by the customers before the service is provided (subscriptions, pre-paid services).

The current cash flow enables the Group to settle its obligations as they arise in a timely manner. The Group also has access to a revolving borrowing facility of PLN 250 million although it has not been utilized and remained fully available as at 31 December 2019.

Considering the positive cash flows and the balance of cash, actual and planned results, the long-term nature of borrowings and liabilities (mainly relating to lease or purchase of PP&E), the bank overdrafts available, the Management believes that the liquidity risk mitigated.

The table below presents an analysis financial liabilities of the Group, based on the remaining period until expiry of the contractual maturity date at the reporting date. The amounts presented in the table are contractual undiscounted cash flows.

2019	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flows total	Carrying amount
<b>Variable interest</b>						
Leases	159.8	87.1	53.6	7.9	308.3	275.3
Loans and borrowings	53.8	97.7	581.5	123.6	856.6	618.2
<b>Non-interest-bearing</b>						
Trade and other payables	191.3	-	-	-	191.3	191.3
Factoring liabilities	1.4	-	-	-	1.4	1.4
<b>Total</b>	<b>406.3</b>	<b>184.8</b>	<b>635.1</b>	<b>131.5</b>	<b>1,357.6</b>	<b>1,086.2</b>

2018	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flows total	Carrying amount
<b>Variable interest</b>						
Leases	112.0	61.1	17.7	-	190.8	167.2
Loans and borrowings	39.7	2.1	426.0	178.3	646.0	438.0
<b>Non-interest-bearing</b>						
Trade and other payables	162.3	-	-	-	162.3	162.3
Factoring liabilities	2.0	-	-	-	2.0	2.0
<b>Total</b>	<b>316.0</b>	<b>63.2</b>	<b>443.7</b>	<b>178.3</b>	<b>1,001.1</b>	<b>769.5</b>

2017	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flows total	Carrying value
<b>Variable interest</b>						
Leases	32.3	86.9	-	-	119.2	102.6
Loans and borrowings	51.6	75.0	150.4	-	277.0	254.9
Derivative	0.1	-	-	-	0.1	0.1
<b>Non-interest-bearing</b>						
Trade and other payables	203.5	-	-	-	203.5	203.5
Factoring liabilities	1.5	-	-	-	1.5	1.5
<b>Total</b>	<b>289.0</b>	<b>161.9</b>	<b>150.4</b>	<b>-</b>	<b>601.3</b>	<b>562.6</b>

## 42. Employment structure

The employment structure of the Group is as follows (total number of employees at the period end):

	31 December 2019	31 December 2018	31 December 2017
Management Board	4	4	3
Management	76	74	92
White-collar employees	1,548	1,024	897
Blue-collar employees	478	413	388
<b>Total employment</b>	<b>2,106</b>	<b>1,515</b>	<b>1,380</b>

### 43. Subsequent events

#### Changes in the Management Board of Integer.pl S.A.

On February 1, 2020 Damian Niewiadomski was appointed as a member of the Management Board to serve as Vice-President of the Management Board. This change was registered in the Companies register ("KRS") on March 6, 2020. On April 23, 2020 Marcin Rosati was appointed as a member of the Management Board to serve as Vice-President of the Management Board. This change was registered in the KRS on June 23, 2020. On September 2, 2020 Marcin Rosati resigned from the Management Board. This change had been registered in the KRS as at the date of these historical consolidated financial information.

#### Transformation of and dissolution of the InPost S.A.

In February 2020, InPost S.A. was transformed into a limited partnership – MP SL Sp. k. ("MP SL"), with InPost Sp. z o.o. as the limited partner and MP SL Ltd (formerly Integer EU) as the general partner. The transformation was registered by the court on February 28, 2020, and on the same date MP SL was dissolved. Based on the resolution of MP SL's partners, an organized part of the enterprise ("OPE") related to courier services was transferred to InPost Sp. z o.o. in lieu of a share in the dissolution proceeds whereas the OPE associated with postal services was transferred to Integer EU in lieu of a share in the dissolution proceeds. On March 16, 2020, the dissolution process was completed and MP SL was deregistered.

#### Redemption of shares

On March 26, 2020 the Extraordinary General Meeting adopted a resolution on the redemption of 1,030,085 O series shares in Integer for a consideration of PLN 89.2 million. According to the resolution, the payment for the redeemed shares is to be made by March 31, 2021.

#### Decrease of share capital

On March 26, 2020 the Extraordinary General Meeting adopted a resolution on a share capital decrease of Integer in the amount of PLN 1,030,085. After the decrease, share capital amounted to PLN 17,541,213.

#### Coronavirus pandemic

On March 11, 2020 the World Health Organization announced the COVID-19 pandemic. In reply to a potential serious hazard that COVID-19 poses for public health, the Polish government took actions to contain the outbreak of the epidemic, including limitations in cross-border flow of persons, entry restrictions for foreign guests and "lockdown" of some sectors, awaiting further development of the situation.

Some broader potential economic consequences of these events include:

- disruption to business operations in Poland, with a cascade effect on supply chains;
- significant disruptions for enterprises in some sectors, both in Poland and on markets with a high dependence on the foreign supply chain, and for export-oriented enterprises that rely on foreign markets to a high degree;
- a significant decrease in the demand for some goods and services.
- increased economic uncertainty, reflected in more unstable prices and foreign exchange rates.

The Management Board has made an analysis of the potential effects that the outbreak of the coronavirus pandemic may have on the disclosures, assumptions and estimates adopted in preparing the historical consolidated financial information.

At the moment of the statement publication, the pandemic has not caused any significant limitations in the Group's operations such as suspension or limitation of operations, or operational problems in activities.

Certainly the pandemic will cause a change in the structure of recipients and clients as well as the nature and volume of transported goods, however, the Management Board does not expect any significant decrease in demand. Automatic Parcel Machines remain one of the safest delivery methods in the era of the pandemic, enabling social distancing and contact-free collection of any goods ordered by the buyers. All potential problems with suppliers are being analyzed, with emergency plans and alternative suppliers being introduced on an as required basis. Integer also adjusts its operations on a real time basis to the changing legal requirements introduced by the Polish government. At this moment the Group does not expect any significant negative effect of the pandemic on its expected results as well as cash flows.

#### **Sale of an organized part of the enterprise**

In July 2020 an OPE from Integer Group Services containing the IT development and maintenance Business Unit and IT was sold to InPost Technology S.a.r.l. which is a subsidiary of the AI Prime (Bidco) S.a.r.l. The profit on sales of the organized part of an enterprise was recognized in the amount of PLN 1.9 million. The total net assets of the OPE at the settlement date amounted to PLN 14.7 million and total revenue and costs for 2020 at the date of sales amounted to PLN 21.3 million and PLN 17.1 million, respectively.

#### **Redemption of InPost UK Ltd.'s borrowings by Inpost Paczkomaty Sp. z o.o**

In June 2020, the indebtedness restructuring process of InPost UK Ltd., aiming at continue its operations on the British market without declaring bankruptcy or restructuring proceeding, has had started. As a consequence, Inpost Paczkomaty Sp. z o.o and InPost UK Ltd.'s off-set mutual receivables in the amount of PLN 5.3 million and Inpost Paczkomaty Sp. z o.o waived 80% (PLN 266.9 million) of InPost UK Ltd.'s borrowings. From reporting perspective, transaction should be recognized in 2020 and foreign exchange differences should be reclassified from other comprehensive income to profit or loss.

#### **Approval of the financial statements and dividend distribution for 2019**

On September 30, 2020 the ordinary Shareholders meeting of Integer approved the financial statements for the year ended December 31, 2019. The meeting approved the financial statements and decided of the distribution of net profits: PLN 40 million to be distributed as a dividend to the sole shareholder AI Prime (Luxembourg) Bidco S.a.r.l. and PLN 120.4 million to be allocated to reserve capital with the possibility of interim dividends payment in future years.

#### **44. Correction of errors and change of presentation**

In preparing this historical consolidated financial information, the Group identified and corrected errors and omissions in relation to the previously issued consolidated financial statements of the Group. Furthermore, certain reclassification

changes were made, and disclosures revised to enhance presentation. All corrections of errors and changes in presentation have been recognized retrospectively.

Below is a summary of errors and changes in presentation recognized in this historical consolidated financial information of the Group in relation to the previously issued statutory consolidated financial statements of the Group:

### **Change of presentation**

[1] In the consolidated statement of comprehensive income for each of the periods presented the Group changed the presentation of impairment gain (loss) on trade and other receivables. Previously they were presented in Other operating expenses/income. After the change they are presented in a separate line item "Impairment gain (loss) on trade and other receivables" within operating expenses;

[2] In the consolidated statement of financial position as at the end of each period presented the Group changed the presentation of non-financial assets and liabilities. Previously they were presented in Trade and other receivables and in Trade and other payables. After the change non-financial assets are presented in the Other assets line item, whereas non-financial liabilities are presented in the Other liabilities line item, consistently with other similar items;

[3] In the consolidated statement of financial position as at the end of each period presented the Group changed the presentation of contract liabilities and other accruals. Previously they were presented in the Employee benefits and provisions line item. After the change contract liabilities and other accruals are presented in the Other liabilities line item.

[4] In the consolidated statement of financial position as at 31 December 2019 the Group changed the presentation of deferred commissions and fees in relation with loans and borrowings measured at amortized cost. Previously they were presented in current Other financial liabilities. After the change such deferred commissions and fees are presented as current Loans and borrowings. Other periods are unaffected by this reclassification;

[5] In the consolidated statement of comprehensive income for 2017 the Group changed the presentation of foreign exchange (gains) losses. Previously foreign exchange gains were presented as Finance income. After the change they are presented net against exchange losses in Finance costs – consistently with the presentation applied for 2018 and 2019.

[6] In the consolidated statement of financial position as at 31 December 2018 the Group changed the presentation of the carrying amount of the CIRS derivative, which previously was presented net against current Loans and borrowings. After the change it is presented as current Other financial assets. Other periods are unaffected by this reclassification.

[7] In the consolidated statement of financial position as at 31 December 2017 the Group changed the presentation of lease liabilities related to asset sold and leased back. Previously they were presented in Loans and borrowings. After the change they are presented as Other financial liabilities. Other periods are unaffected by this reclassification

### **Correction of errors**

[8] In the consolidated statements of comprehensive income for 2017 and 2018 the Group corrected an error related with revenue recognition from contracts including consideration payable to the customer for marketing activities. The Group determined that they do not represent payment for distinct good nor service, which resulted in an adjustment of the transaction price (Revenue) with a corresponding adjustment to External services.

[9] In the consolidated statement of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017 the Group corrected an error related to property, plant and equipment. The Group derecognized expenditures on property, plant and equipment that did not meet IAS 16 recognition criteria. Such expense were recognized in profit or loss when incurred with an appropriate adjustment of Depreciation, Deferred taxes and Retained earnings. In addition, in the consolidated statements of comprehensive income for 2017 the Group adjusted amortization expense in relation to expenditures that did not meet IAS 38 recognition criteria as at 1 January 2017.

[10] In the consolidated statement of comprehensive income for 2017 the Group corrected an error in the income tax expense resulting from a deferred tax asset that did not meet the recognition criteria as at 1 January 2017;

[11] In the consolidated statements of comprehensive income for 2017, 2018 and 2019 the Group corrected an error in exchange differences from translation of net investment in foreign operations. Unrealised exchange differences from translation of loans granted to foreign operation were incorrectly recognized in translation reserve and profit or loss. The correction of errors resulted in adjustments to Finance income/costs, other comprehensive income and translation reserve.

[12] In the consolidated statement of financial position as at 31 December 2019 and In the consolidated statement of comprehensive income for 2019 the Group corrected an error in employee benefits related to the equity settled share based payment programme. Previously employee benefits related to the equity settled share based payment programme were not recognized. The correction of errors resulted in adjustments to Social security and other benefits expenses. The adjustment also resulted in the change of presentation in the consolidated statement of financial position as at 31 December 2019 where the Other reserve recognized in relation to the programme is presented in Reserves together with the Translation reserve.

[13] In the consolidated statements of comprehensive income for 2018 the Group corrected an error related to the gain from reversal of the provision for exit costs recognized in profit or loss from continuing operations instead of discontinuing operations. The correction of error resulted in adjustments to Finance income from continuing operations and Other operating expenses from discontinued operations.

[14] In the consolidated statements of comprehensive income for 2017 the Group corrected an error related to exchange differences from translation of foreign operations that were recognized in profit or loss from continuing operations upon disposal of the foreign operations. The correction of the error resulted in adjustments to Finance costs from continuing operations and discontinued operations.



[14a] In the consolidated statement of financial position as at 31 December 2019 the Group corrected an error related to leases. The Group recognized lease liabilities and respective right-of-use asset related to leases commenced prior to the year end.

[15] The Group corrected the consolidated statement of cash flows for 2017, 2018 and 2019 in order to reflect the above changes of presentation and correction of errors. Additionally, the Group identified and corrected numerous additional errors in cash flows as a result of the reconciliation of the consolidated statement of cash flows to other financial statements and additional notes.

The above have been adjusted by restating each of affected financial statement line items for the respective periods presented. The following tables summarize the impacts on the Group's historical consolidated financial information for 2019, 2018 and 2017 of the above mentioned changes of presentation and correction of errors:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2019			2018			2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Revenue	1,252.0	(20.0)	[8]	1,232.0	(4.8)	[8]	731.0	-	482.5
Other operating income	12.4	(1.8)	[1]	10.6	-	10.7	14.6	-	14.6
Depreciation and amortization	222.7	(1.2)	[9]	221.5	(0.7)	[9]	147.1	(9.1)	[9]
Raw materials and consumables	40.2	-		40.2	-		35.9	-	
External services	699.8	(14.2)	[9],[8]	685.6	(3.3)	[9], [8]	471.5	0.8	[9]
Taxes and charges	2.3	-		2.3	-		1.7	-	
Payroll	107.1	-		107.1	2.3	[9]	64.0	1.2	[9]
Social security and other benefits	26.1	1.7	[12]	27.8	-		12.5	-	
Other expenses	11.3	-		11.3	-		15.3	-	
Cost of goods and materials sold	8.6	-		8.6	-		22.4	-	
Other operating expenses	11.5	1.6	[1]	13.1	(7.2)	[1]	14.9	(4.2)	[1],[9]
Impairment (gain) loss on trade and other receivables	-	(3.5)	[1]	(3.5)	7.2	[1]	7.2	5.8	[1]
Total operating expenses	1,129.6	(15.6)		1,114.0	(1.7)		775.3	(5.5)	562.3
Operating profit (loss)	134.8	(6.2)		128.6	(3.1)		(36.7)	5.5	(65.2)
Finance income	29.4	(8.5)	[11]	20.9	(2.3)	[11], [13]	4.8	(0.2)	[5]
Finance costs	62.8	-		62.8	-		54.4	(21.0)	[11]; [14]
Share of profits of equity-accounted investees	-	-		-	-		-	-	0.6
Profit (loss) before tax	101.4	(14.7)		86.7	(5.4)		(83.2)	26.3	(103.1)
Income tax expense (benefit)	33.5	(0.8)	[9]	32.7	(1.2)	[9]	(87.7)	6.7	[10]
Profit (loss) from continuing operations	67.9	(13.9)	[11],[12]	54.0	(4.2)	[11]	4.5	19.6	[10],[11]
Loss from discontinued operations	(3.2)	-		(3.2)	10	[13]	(25.1)	(22)	[14]
Net profit (loss)	64.7	(13.9)	[9],[11],[12]	50.8	5.8	[9],[11]	(20.6)	(1.9)	[9],[10], [11]
Other comprehensive income, net of tax									
Items that may be reclassified subsequently to profit or loss									
Exchange differences from translation of foreign operations	(18.7)	8.6	[11]	(10.1)	(7.6)	[11]	0.8	0.7	[11]
Income tax	-	-		-	-		-	-	-

Other comprehensive income, net of tax	(18.7)	8.6	(10.1)	0.8	(7.6)	(6.8)	19.1	0.7	19.8
<b>Total comprehensive income</b>	<b>46.0</b>	<b>(5.3)</b>	<b>40.7</b>	<b>(19.8)</b>	<b>(2)</b>	<b>(21.6)</b>	<b>(190.8)</b>	<b>(1.2)</b>	<b>(192.0)</b>
<b>Net profit (loss), attributable to:</b>	<b>64.6</b>	<b>(13.8)</b>	<b>50.8</b>	<b>(20.5)</b>	<b>5.7</b>	<b>(14.8)</b>	<b>(210.0)</b>	<b>(1.8)</b>	<b>(211.8)</b>
Owners of Integer	64.6	(13.8)	[9],[11],[12]	(26.0)	5.7	(20.3)	(182.9)	(1.8)	(184.7)
Non-controlling interests	-	-	-	5.5	-	5.5	(27.1)	-	(27.1)
<b>Total comprehensive income, attributable to:</b>	<b>46.0</b>	<b>(5.3)</b>	<b>40.7</b>	<b>(19.7)</b>	<b>(1.9)</b>	<b>(21.6)</b>	<b>(190.9)</b>	<b>(1.1)</b>	<b>(192.0)</b>
Owners of the Integer	46.0	(5.3)	[9],[12]	(25.2)	(1.9)	(27.1)	(166.3)	(1.1)	(167.4)
Non-controlling interests	-	-	-	5.5	-	5.5	(24.6)	-	(24.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 December 2019			31 December 2018			31 December 2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
<b>ASSETS</b>									
<b>Non-current assets</b>	<b>1,181.3</b>	<b>20.2</b>	<b>1,201.5</b>	<b>909.2</b>	<b>(5.2)</b>	<b>904.0</b>	<b>665.3</b>	<b>(3.2)</b>	<b>662.1</b>
Intangible assets	122.0	-	122.0	122.8	-	122.8	100.6	-	100.6
Property, plant and equipment	979.9	18.1	[9],[14a]	693.8	(6.4)	687.4	556.4	(3.2)	553.2
Equity-accounted investees	-	-	-	-	-	-	-	-	-
Other receivables	3.2	-	3.2	5.9	-	5.9	6.3	-	6.3
Other financial assets	-	-	-	0.1	-	0.1	1.4	-	1.4
Deferred tax assets	76.0	2.1	[9]	86.6	1.2	87.8	0.1	-	0.1
Other assets	0.2	-	0.2	-	-	-	0.5	-	0.5
<b>Current assets</b>	<b>368.3</b>	<b>-</b>	<b>368.3</b>	<b>266.9</b>	<b>0.8</b>	<b>267.7</b>	<b>324.9</b>	<b>-</b>	<b>324.9</b>
Inventories	2.2	-	2.2	2.2	-	2.2	2.0	-	2.0
Other financial assets	2.5	-	2.5	0.1	0.8	0.9	0.2	-	0.2
Trade and other receivables	238.6	(22.8)	[2]	198.9	(18.8)	180.1	185.9	(30.4)	155.5
Income tax asset	6.2	-	6.2	0.1	-	0.1	1.1	-	1.1
Other assets	5.8	22.8	[2]	4.1	18.8	22.9	8.2	30.4	38.6
Cash and cash equivalents	113.0	-	113.0	61.5	-	61.5	127.5	-	127.5
<b>Assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.6</b>	<b>-</b>	<b>5.6</b>	<b>6.8</b>	<b>-</b>	<b>6.8</b>
<b>TOTAL ASSETS</b>	<b>1,549.6</b>	<b>20.2</b>	<b>1,569.8</b>	<b>1,181.7</b>	<b>(4.4)</b>	<b>1,177.3</b>	<b>997.0</b>	<b>(3.2)</b>	<b>993.8</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 December 2019			31 December 2018			31 December 2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
<b>EQUITY AND LIABILITIES</b>									
<b>Equity</b>									
Share capital	18.6	-	18.6	18.6	-	18.6	18.6	-	18.6
Reserve capital	944.5	-	944.5	944.5	-	944.5	944.5	-	944.5
Retained earnings/ (accumulated losses)	(559.2)	(12.0)	(571.1)	(623.8)	1.8	(622.0)	(597.8)	(3.9)	(601.7)
Reserves	(5.7)	3.2	(2.4)	13.0	(7.1)	6.0	12.2	0.7	12.9
<b>Equity attributable to owners of Integer</b>	<b>398.2</b>	<b>(8.8)</b>	<b>389.5</b>	<b>352.3</b>	<b>(5.2)</b>	<b>347.1</b>	<b>377.5</b>	<b>(3.2)</b>	<b>374.3</b>
Non-controlling interests	(0.2)	-	(0.2)	(0.2)	-	(0.2)	(5.7)	-	(5.7)
<b>Total equity</b>	<b>398.0</b>	<b>(8.8)</b>	<b>389.3</b>	<b>352.1</b>	<b>(5.2)</b>	<b>346.9</b>	<b>371.8</b>	<b>(3.2)</b>	<b>368.6</b>
Loans and borrowings	613.3	-	613.3	397.6	0.7	398.3	198.7	(2.0)	196.7
Employee benefits and provisions	10.6	-	10.6	5.5	-	5.5	0.4	(0.2)	0.2
Government grants	11.2	-	11.2	8.0	-	8.0	10.3	-	10.3
Deferred tax liability	16.8	-	16.8	2.9	-	2.9	4.2	-	4.2
Other financial liabilities	100.1	24.3	124.4	79.2	-	79.2	56.1	2.0	58.1
Other liabilities	-	-	-	-	0.1	0.1	-	0.2	0.2
<b>Total non-current liabilities</b>	<b>752.0</b>	<b>24.3</b>	<b>776.3</b>	<b>493.2</b>	<b>0.8</b>	<b>494.0</b>	<b>269.7</b>	<b>-</b>	<b>269.7</b>
Trade and other payables	219.3	(28.0)	191.3	175.9	(13.6)	162.3	222.9	(19.4)	203.5
Loans and borrowings	-	4.9	4.9	39.7	-	39.7	63.6	(5.4)	58.2
Government grants	3.2	-	3.2	6.9	-	6.9	3.5	-	3.5
Current tax liabilities	3.4	-	3.4	1.1	-	1.1	2.5	-	2.5
Employee benefits and provisions	21.1	(2.3)	18.8	22.7	(6.8)	15.9	22.2	(1.1)	21.1
Other financial liabilities	152.6	(0.3)	153.2	90.0	-	90.0	40.7	5.4	46.1
Other liabilities	-	30.3	30.3	-	20.4	20.4	-	20.5	20.5
<b>Liabilities directly associated with the assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>
<b>Total current liabilities</b>	<b>399.6</b>	<b>4.6</b>	<b>304.2</b>	<b>336.4</b>	<b>-</b>	<b>336.4</b>	<b>355.5</b>	<b>-</b>	<b>355.5</b>
<b>Total liabilities</b>	<b>1,151.6</b>	<b>28.9</b>	<b>1,180.5</b>	<b>829.6</b>	<b>0.8</b>	<b>830.4</b>	<b>625.2</b>	<b>-</b>	<b>625.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,549.6</b>	<b>20.2</b>	<b>1,569.8</b>	<b>1,181.7</b>	<b>(4.4)</b>	<b>1,177.3</b>	<b>997.0</b>	<b>(3.2)</b>	<b>993.8</b>

CONSOLIDATED STATEMENT OF CASH FLOWS	2019			2018			2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
<b>Cash flows from operating activities</b>									
<b>Net profit (loss)</b>	<b>64.7</b>	<b>(13.9)</b>	<b>50.8</b>	<b>(20.6)</b>	<b>5.8</b>	<b>(14.8)</b>	<b>(209.9)</b>	<b>(1.9)</b>	<b>(211.8)</b>
<b>Adjustments:</b>	<b>275.0</b>	<b>19.8</b>	<b>294.8</b>	<b>110.8</b>	<b>1.5</b>	<b>112.3</b>	<b>177.1</b>	<b>(39.1)</b>	<b>138.0</b>
Income tax expense (benefit)	34.3	(0.8)	33.5	(87.4)	(1.2)	(88.6)	(0.2)	7.2	7.0
Finance cost/ (income)	28.5	11.6	40.1	39.9	2.9	42.8	28.0	2.4	30.4
(Gain)/ loss on sale of property, plant and equipment	0.5	-	0.5	0.5	-	0.5	-	0.5	0.5
Depreciation and amortization	222.7	(1.2)	221.5	148.3	(0.7)	147.6	92.7	1.6	94.3
Impairment losses	7.9	(10.2)	(2.3)	12.5	(5.1)	7.4	23.0	(17.2)	5.8
Impairment losses and provisions - discontinued operations	-	(0.2)	(0.2)	(6.4)	6.4	-	-	-	-
(Gain)/ loss on sale of subsidiaries	(0.2)	1.9	1.7	8.1	(5.5)	2.6	-	-	-
Profit attributable to non-controlling interests	-	-	-	(5.5)	5.5	-	-	-	-
Foreign exchange differences from translation of foreign operations	(18.7)	18.7	-	0.8	(0.8)	-	33.6	(33.6)	-
<b>Changes in working capital:</b>	<b>2.5</b>	<b>2.0</b>	<b>4.5</b>	<b>(72.5)</b>	<b>(17.1)</b>	<b>(89.6)</b>	<b>20.0</b>	<b>30.0</b>	<b>50.0</b>
Trade and other receivables	(42.9)	12.3	(30.6)	(34.1)	(11.8)	(45.9)	22.9	(1.3)	21.6
Inventories	-	-	-	(0.1)	(0.2)	(0.3)	(0.1)	-	(0.1)
Other assets	(1.9)	(0.5)	(2.4)	4.6	(4.7)	(0.1)	(2.6)	1.3	(1.3)
Financial liabilities other than loans and borrowings	46.4	(24.3)	22.1	(52.3)	1.4	(50.9)	(1.7)	10.7	9.0
Other liabilities	-	9.9	9.9	-	1.8	1.8	-	20.6	20.6
Employee benefits, provisions and contract liabilities	0.9	4.6	5.5	9.4	(3.6)	5.8	1.5	(1.3)	0.2
<b>Cash generated from (used in) operating activities</b>	<b>343.2</b>	<b>7.9</b>	<b>350.1</b>	<b>18.7</b>	<b>(9.8)</b>	<b>7.9</b>	<b>(12.8)</b>	<b>(11.0)</b>	<b>(23.8)</b>

CONSOLIDATED STATEMENT OF CASH FLOWS	2019			2018			2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Interest paid	(43.4)	-	(43.4)	(23.6)	-	(23.6)	(20.0)	-	(20.0)
Income tax paid	(13.9)	-	(13.9)	(3.2)	-	(3.2)	-	-	-
<b>Net cash generated from (used in) operating activities</b>	<b>286</b>	<b>7.9</b>	<b>292.8</b>	<b>(8.1)</b>	<b>(9.8)</b>	<b>(18.9)</b>	<b>(32.8)</b>	<b>(11.0)</b>	<b>(43.8)</b>
<b>Cash flows from investing activities</b>									
Interest received	-	-	-	-	-	-	0.2	-	0.2
Proceeds from loans granted and investments in shares	-	-	-	0.2	-	0.2	0.4	-	0.4
Purchase of property, plant and equipment	(283.1)	(5.1)	(288.2)	(84.3)	(1.6)	(85.9)	(130.5)	(2.8)	(133.3)
Purchase of intangible assets	(29.6)	(1.9)	(31.5)	(49.8)	-	(49.8)	(29.4)	8.8	(20.6)
Proceeds from sale of assets held for sale	4.5	-	4.5	-	-	-	1.7	-	1.7
Government grants received	-	2.4	2.4	-	3.6	3.6	-	1.6	1.6
Proceeds from sale of assets in sale and lease back	-	25.9	25.9	-	11.9	11.9	-	49.7	49.7
<b>Net cash used in investing activities</b>	<b>(308.2)</b>	<b>21.3</b>	<b>(286.9)</b>	<b>(133.9)</b>	<b>13.9</b>	<b>(120.0)</b>	<b>(157.6)</b>	<b>57.3</b>	<b>(100.3)</b>
<b>Cash flows from financing activities</b>									
Proceeds from loans and borrowings	182.8	-	182.8	447.1	-	447.1	88.9	4.8	93.7
Repayment of principal portion of loans and borrowings	-	-	-	(279.7)	-	(279.7)	(32.7)	-	(32.7)
Proceeds from issue of debt financial instruments	-	-	-	-	-	-	37.9	-	37.9
Repayment of debt financial instruments	-	-	-	-	-	-	(24.7)	-	(24.7)
Proceeds from sale and lease back and finance leases	25.9	(25.9)	-	11.9	(11.9)	-	49.8	(49.8)	-
Payment of principal portion of lease liability	(136.5)	-	(136.5)	(106.0)	11.9	(94.1)	(39.1)	-	(39.1)
Proceeds from issue of share capital	-	-	-	-	-	-	250.4	-	250.4



CONSOLIDATED STATEMENT OF CASH FLOWS	2019			2018			2017		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Transaction costs related to issue of share capital	-	-	-	-	-	-	(16.2)	-	(16.2)
Transactions with shareholders	-	-	-	-	-	-	(11.3)	-	(11.3)
Government grants received	2.4	(2.4)	[15]	3.6	(3.6)	[15]	1.6	(1.6)	[15]
Payments to non-controlling interests	-	-	-	-	-	-	(10.3)	-	(10.3)
<b>Net cash generated from financing activities</b>	<b>74.6</b>	<b>(28.3)</b>	<b>46.3</b>	<b>76.9</b>	<b>(3.6)</b>	<b>73.3</b>	<b>294.3</b>	<b>(46.6)</b>	<b>247.7</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>52.3</b>		<b>52.2</b>	<b>(66.1)</b>		<b>(65.6)</b>	<b>103.9</b>		<b>103.6</b>
Cash and cash equivalents at 1 January	61.5	-	61.5	127.5	-	127.5	23.9	-	23.9
Effect of movements in exchange rates on cash held	-	(0.7)	[15]	-	(0.4)	[15]	-	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>113.8</b>		<b>113.0</b>	<b>61.4</b>		<b>61.5</b>	<b>127.8</b>		<b>127.5</b>

The foregoing Historical Consolidated Financial Information for 2017-2019 was approved by the Management Board of Integer.pl S.A. on 2 December 2020 r.

.....  
**Rafał Brzoska**

*President of the Management Board*

.....  
**Marcin Pulchny**

*Vice President of the Management Board*

.....  
**Adam Aleksandrowicz**

*Vice President of the Management Board*

.....  
**Dariusz Lipiński**

*Vice President of the Management Board*

.....  
**Damian Niewiadomski**

*Vice President of the Management Board*



# Independent Auditor's Report

## To the Management Board and Supervisory Board of Integer.pl S.A.

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### Opinion

We have audited the accompanying historical consolidated financial information of the Integer.pl S.A. Group (the "Group"), whose parent entity is Integer.pl S.A. (the "Parent Entity"), which comprises the consolidated statements of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes comprising a summary of significant accounting policies and other explanatory information (the "historical consolidated financial information").

In our opinion, the accompanying historical consolidated financial information of the Group give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 31 December 2018 and 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

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### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as adopted by the National Council of Certified Auditors as National Standards on Auditing (the “NSA”). Our responsibilities under those standards are further described in the Auditor’s Responsibility

for the audit of the Historical Consolidated Financial Information section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Ethics

We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) as adopted by the resolution of the National Council of Certified Auditors,

together with the ethical requirements that are relevant to our audit of the historical consolidated financial information in Poland and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Responsibility of the Management Board and Supervisory Board of the Parent Entity for the Historical Consolidated Financial Information

The Management Board of the Parent Entity is responsible for the preparation of historical consolidated financial information that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union and for such internal control as the Management Board of the Parent Entity determines is necessary to enable the preparation of historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical consolidated financial information, the Management Board

of the Parent Entity is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Parent Entity either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process.

### Auditor’s Responsibility for the audit of the Historical Consolidated Financial Information

Our objectives are to obtain reasonable assurance about whether the historical consolidated financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this historical consolidated financial information.

As part of an audit in accordance with NSAs, we exercise professional judgment and

maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the historical consolidated financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in



the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent Entity;
- conclude on the appropriateness of the Management Board of the Parent Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report on the audit of the historical consolidated financial information to the related disclosures in the historical consolidated financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report on the audit of the

historical consolidated financial information. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the historical consolidated financial information, including the disclosures, and whether the historical consolidated financial information represents the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the historical consolidated financial information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board of the Parent Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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On behalf of audit firm

**KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.**

Registration No. 3546

Rafał Wiza

Key Certified Auditor  
Registration No. 11995  
*Limited Partner, Proxy*

Poznań, 2 December 2020



**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF**  
**Integer.pl S.A. Capital Group**  
**for the period of 9 months ended 30 September 2020 and 30 September 2019**





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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
<b>Revenue</b>	5	1,666.2	832.5
<b>Other operating income</b>		10.8	6.7
Depreciation and amortization		242.9	147.3
Raw materials and consumables		30.9	14.9
External services		835.9	488.2
Taxes and charges		1.4	1.8
Payroll		131.6	69.1
Social security and other benefits		29.1	16.6
Other expenses		10.6	7.5
Cost of goods and materials sold		6.4	6.0
Other operating expenses		3.7	8.9
Impairment (gain) loss on trade and other receivables		(8.2)	(3.8)
<b>Total operating expenses</b>		<b>1,284.3</b>	<b>756.5</b>
<b>Operating profit</b>		<b>392.7</b>	<b>82.7</b>
Finance income	8	0.1	5.2
Finance costs	8	116.5	48.7
Profit on sales of organized part of an enterprise	1.2	1.9	-
<b>Profit before tax</b>		<b>278.2</b>	<b>39.2</b>
Income tax expense	9	68.3	18.9
<b>Profit from continuing operations</b>		<b>209.9</b>	<b>20.3</b>
<b>Profit (loss) from discontinued operations</b>		<b>(1.2)</b>	<b>4.2</b>
<b>Net profit</b>		<b>208.7</b>	<b>24.5</b>
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of foreign operations		10.5	(8.9)
<b>Other comprehensive income, net of tax</b>		<b>10.5</b>	<b>(8.9)</b>
<b>Total comprehensive income</b>		<b>219.2</b>	<b>15.6</b>
<b>Net profit attributable to:</b>			
Owners of the company		208.7	24.5
Non-controlling interests		-	-
<b>Total comprehensive income attributable to:</b>			
Owners of the company		219.2	15.6
Non-controlling interests		-	-
<b>Basic/diluted earnings per share (in PLN)</b>	10	11.6	1.3
<b>Basic/diluted earnings per share – Continuing operations (in PLN)</b>	10	11.7	1.1

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 September 2020	31 December 2019
<b>Non-current assets</b>		<b>1,487.6</b>	<b>1,201.5</b>
Intangible assets		131.2	122.0
Property, plant and equipment	13	1,272.7	998.0
Other receivables		2.5	3.2
Deferred tax assets		80.4	78.1
Other assets		0.8	0.2
<b>Current assets</b>		<b>477.7</b>	<b>368.3</b>
Inventory		5.1	2.2
Other financial assets	27	0.3	2.5
Trade and other receivables	16	290.5	215.8
Income tax asset		2.0	6.2
Other assets	15	77.0	28.6
Cash and cash equivalents	17	102.8	113.0
<b>TOTAL ASSETS</b>		<b>1,965.3</b>	<b>1,569.8</b>

LIABILITIES	Note	30 September 2020	31 December 2019
<b>Equity</b>			
Share capital	12	17.6	18.6
Reserve capital		976.7	944.5
Retained earnings/ (accumulated losses)		(522.8)	(571.1)
Reserves	23	11.1	(2.4)
<b>Equity attributable to owners of the company</b>		<b>482.6</b>	<b>389.5</b>
Non-controlling interest		(0.2)	(0.2)
<b>Total equity</b>		<b>482.4</b>	<b>389.3</b>
Loans and borrowings	18	690.8	613.3
Employee benefits, provisions and contract liabilities	22	12.4	10.6
Government grants		9.1	11.2
Deferred tax liability		11.8	16.8
Other financial liabilities	14, 19	157.2	124.4
<b>Total non-current liabilities</b>		<b>881.3</b>	<b>776.3</b>
Trade and other payables	25	248.5	191.3
Loans and borrowings	18	24.4	4.9
Government grants		2.9	3.2
Current tax liabilities		17.1	3.4
Employee benefits and provisions	22	31.1	18.8
Other financial liabilities	14, 19	153.2	152.3
Other liabilities	24	124.4	30.3
<b>Total current liabilities</b>		<b>601.6</b>	<b>404.2</b>
<b>TOTAL LIABILITIES</b>		<b>1,482.9</b>	<b>1,180.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,965.3</b>	<b>1,569.8</b>

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
<b>Cash flows from operating activities</b>			
<b>Net profit (loss)</b>		<b>208.7</b>	<b>24.5</b>
<b>Adjustments:</b>		<b>413.8</b>	<b>224.0</b>
Income tax expense (benefit)		68.3	18.9
Financial cost/ (income)		113.7	49.9
(Gain) / loss on sale of property, plant and equipment		(7.2)	(0.2)
Depreciation and amortization	13	242.9	147.3
Impairment losses		(5.1)	8.3
(Gain)/ loss on sale of subsidiaries		(1.9)	(0.2)
Share Based Payment	23	3.1	
<b>Changes in working capital:</b>		<b>11.8</b>	<b>(22.0)</b>
Trade and other receivables		(70.0)	14.2
Inventories		(3.7)	(0.6)
Other assets		14.8	(22.2)
Finance liabilities other than loans and borrowings		(29.0)	(36.8)
Employee benefits, provisions and contract liabilities		5.7	2.9
Other liabilities		94.0	20.5
<b>Cash generated from operating activities</b>		<b>634.3</b>	<b>226.5</b>
Interest paid		(58.7)	(30.5)
Income tax paid		(59.1)	(5.4)
<b>Net cash from operating activities</b>		<b>516.5</b>	<b>190.6</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, plant and equipment		(360.9)	(194.9)
Purchase of intangible assets		(32.1)	(20.5)
Proceeds from sales of assets held for sale		-	4.5
Proceeds from finance leases		4.3	-
Proceeds from sale of organized part of an enterprise	1.2	16.7	-
<b>Net cash from investing activities</b>		<b>(372.0)</b>	<b>(210.9)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	20	67.6	180.3
Payment of principal portion of loans and borrowings	20	(5.6)	
Proceeds from issue of debt financial instruments		-	9.3
Payment of principal portion of lease liability	20	(144.2)	(97.0)
Transactions with shareholders	12	(73.1)	-
Government grants received		-	0.8
<b>Net cash from financing activities</b>		<b>(155.3)</b>	<b>93.4</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10.9)</b>	<b>73.1</b>
Cash and cash equivalents at 1 January		113.0	61.5
Effect of movements in exchange rates on cash held		0.7	(0.3)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>102.8</b>	<b>134.3</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reserves					Retained earnings/ (accumulated losses)	Attributable to owners of the company	Attributable to non-controlling interests	Total equity
	Share capital	Reserve capital*	Translation Reserve**	Other reserve***					
<b>Balance at 1 January 2019</b>	<b>18.6</b>	<b>944.5</b>	<b>6.0</b>	-	-	<b>(622.0)</b>	<b>347.1</b>	<b>(0.2)</b>	<b>346.9</b>
Net profit (loss)	-	-	-	-	-	24.3	24.3	-	24.3
Other net comprehensive income	-	-	(8.9)	-	-	-	(8.9)	-	(8.9)
<b>Total comprehensive income for the period</b>	-	-	<b>(8.9)</b>	-	-	<b>24.3</b>	<b>15.4</b>	-	<b>15.4</b>
Share-based payment (equity settled)	-	-	-	1.7	-	-	1.7	-	1.7
<b>Balance at 30 September 2019</b>	<b>18.6</b>	<b>944.5</b>	<b>(2.9)</b>	<b>1.7</b>	-	<b>(597.7)</b>	<b>364.2</b>	<b>(0.2)</b>	<b>364.0</b>
<b>Balance at 1 January 2020</b>	<b>18.6</b>	<b>944.5</b>	<b>(4.2)</b>	<b>1.7</b>	-	<b>(571.1)</b>	<b>389.5</b>	<b>(0.2)</b>	<b>389.3</b>
Net profit (loss)	-	-	-	-	-	208.7	208.7	-	208.7
Other net comprehensive income	-	-	10.5	-	-	-	10.5	-	10.5
<b>Total comprehensive income for the period</b>	-	-	<b>10.5</b>	-	-	<b>208.7</b>	<b>219.2</b>	-	<b>219.2</b>
Redemption of own shares	(1.0)	(88.2)	-	-	-	-	(89.2)	-	(89.2)
Dividend payment	-	-	-	-	-	(40.0)	(40.0)	-	(40.0)
Share-based payment (equity settled)	-	-	-	3.1	-	-	3.1	-	3.1
Prior period profit distribution	-	120.4	-	-	-	(120.4)	-	-	-
<b>Balance at 30 September 2020</b>	<b>17.6</b>	<b>976.7</b>	<b>6.3</b>	<b>4.8</b>	-	<b>(522.8)</b>	<b>482.6</b>	<b>(0.2)</b>	<b>482.4</b>

\*Reserve capital consists of the share premium which represents the difference between the par value of the shares issued and the issue price.

There is no specific purpose for the Reserve Capital.

\*\* Translation reserve included exchange differences from translation of foreign operations.

\*\*\* Other reserve includes share based payment.

## ADDITIONAL INFORMATION NOTES AND EXPLANATIONS

### 1. Additional information notes and explanations

#### 1.1. General information about the Integer.pl S.A. Group and its Parent

Integer.pl S.A. Group ("the Group"; "Integer Group"; "Integer.pl Group") is composed of Integer.pl S.A. ("the Parent", "Integer") and its subsidiaries. The duration of the Parent and the companies in the Group is unlimited.

Integer.pl S.A. Capital Group is a leading Polish group offering complex logistic solutions mostly for customers from the e-commerce industry. The core business of the Group includes the following activities: automated parcel machines, courier services, production and sale of automated parcel machine, research and development works, internet portals, data processing, website management (hosting) and holding activities including management of the Group.

As at 30 September 2020 and as at the day of preparing this Interim Condensed Consolidated Financial Statements 100% of the shares in Integer.pl S.A. were held by the company Al Prime Bidco S.a.r.l. seated in Luxembourg. Al Prime Bidco S.a.r.l. is a company controlled by Advent International Corporation with its registered office in Boston (USA).

#### *Composition of the Management Board*

The following changes took place in the composition of the Management Board of Integer since 31 December 2019:

- On February 1, 2020 Damian Niewiadomski was appointed as Vice President of the Management Board, this change was registered with the National Court Register on March 6, 2020.
- On April 23, 2020 Marcin Rosati was appointed as Vice President of the Management Board, this change was registered with the National Court Register on June 23, 2020.
- Marcin Rosati resigned with the effect from September 2, 2020 from the position of Vice-President of the Management Board, this change was registered with the National Court Register on November 10, 2020.

#### 1.2. Composition of the Group

In the reporting period, the following changes have taken place within the structure of the Integer.pl S.A. Group:

- In February 2020, InPost S.A. was transformed into a limited partnership – MP SL Sp. k., with InPost Sp. z o.o. as the limited partner and MP SL Ltd (formerly Integer EU) as the general partner. The transformation was registered by the court on 28 February 2020, on the same date MP SL was dissolved. Based on the resolution of MP SL's partners organized part of enterprise (OPE) related to courier services was transferred to InPost Sp. z o.o. in lieu of a share in the dissolution proceeds whereas the OPE associated with postal services was transferred to Integer EU in lieu of a share in the dissolution proceeds. On 16 March 2020, the dissolution process was completed and MP SL was deregistered. This was intra group transaction and result was eliminated in herein Interim Condensed Consolidated Financial Statements.



- In February 2020, InPost Paczkomaty sold an Organized part of enterprise ('OPE ') associated with courier and APM services to InPost for cash consideration of PLN 9.6m. This was an intra group transaction and the result was eliminated in herein Interim Condensed Consolidated Financial Statements.
- In July 2020 an OPE from Integer Group Services containing the IT development and maintenance Business Unit was sold to InPost Technology S.a.r.l. which is not a part of Integer Group but subsidiary of the AI Prime (Bidco) S.a.r.l. The profit on sales of organized part of an enterprise was recognized in the amount of PLN 2.0m. Total net assets of the OPE at the settlement date equalled to PLN 14.8m and total revenue and costs for 2020 at the date of sales equalled to PLN 21.3m and PLN 17.1m, respectively.

## 2. Basis of preparation and changes to the Group's accounting policies

### 2.1. Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2020 with comparative data for the nine months ended 30 September 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Historical Consolidated Financial Information for 2017-2019.

These interim condensed consolidated financial statements were prepared under the assumption that the Group will continue to operate on a going concern basis in the foreseeable future. As at the date of approval of the interim consolidated financial statements there is no evidence indicating that the Group will not be able to continue its business activities on a going concern basis.

The interim condensed consolidated financial statements of Integer.pl Group have been prepared on a historical cost basis, except for certain financial instruments, which are measured at a fair value.

### 2.2. Summary of changes in significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Historical Consolidated Financial Information for 2017-2019, except amendments listed below and adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The standards issued by IASB and approved for use in the EU, but which have not come into force until the time of approval of this financial statement are as follows:

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on 14 May 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (issued on 14 May 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (issued on 14 May 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2022;
- Annual Improvements to IFRS Standards 2018–2020 (issued on 14 May 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

Several amendments and interpretations apply for the first time in 2020, but do not have material impact on the interim condensed consolidated financial statements of the Group. Standards and interpretations approved by the EU that have come into force for annual periods starting on 1 January 2020 are as follows:

- Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

Amendments to IFRS 9 and IAS 39 amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by IBOR reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to IAS 1 and IAS 8 introduce the new definition of 'material' which states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

- Conceptual Framework for Financial Reporting dated 29 March 2018

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

### 3. Important events 2020

#### Coronavirus pandemic

On March 11, 2020 the World Health Organization announced the COVID-19 pandemic. In reply to a potential serious hazard that COVID-19 poses for public health, the Polish government took actions to contain the outbreak of the epidemic, including limitations in cross-border flow of persons, entry restrictions for foreign guests and "lockdown" of some sectors, awaiting further development of the situation.

Some broader potential economic consequences of these events include:

- disruption to business operations in Poland, with a cascade effect on supply chains;
- significant disruptions for enterprises in some sectors, both in Poland and on markets with a high dependence on the foreign supply chain, and for export-oriented enterprises that rely on foreign markets to a high degree;

- significant decrease in the demand for some goods and services.
- increased economic uncertainty, reflected in more unstable prices and foreign exchange rates.

The Management Board has made an analysis of the potential effects that the outbreak of the coronavirus pandemic may have on the disclosures, assumptions and estimates adopted while preparing the Interim Condensed Consolidated Financial Statement for the period of 9 months ended 30 September 2020 and 30 September 2019.

At the moment of the statement publication, the pandemic has not caused any significant limitations in the Group's operations such as suspension or limitation of operations, or operational problems in activities.

Certainly the pandemic will cause a change in the structure of recipients and clients as well as the kind of transported goods, however, the Management Board does not expect any significant decrease in demand. Automated Parcel Machines remain one of the safest delivery methods in the era of the pandemic, enabling social distancing and contact-free collection of any goods ordered by the buyers. All potential problems with suppliers are being analysed, with emergency plans and alternative suppliers being introduced on the current basis. Integer also adjusts its operations on the current basis to the changing legal requirements introduced by the Polish government. At this moment the Group does not expect any significant negative effect of the pandemic on the expected results as well as cash flows.

#### **Changes in the Management Board of Integer.pl S.A.**

On February 1, 2020 Damian Niewiadomski has been appointed as a member of the Management Board to serve as Vice-President of the Management Board. This change was registered in the Companies register ("KRS") on March 6, 2020.

On April 23, 2020 Marcin Rosati has been appointed as a member of the Management Board to serve as Vice-President of the Management Board. This change was registered in the KRS on June 23, 2020. On September 2, 2020 Marcin Rosati resigned from the Management Board. This change had been registered in the KRS on November 10, 2020.

#### **Redemption of shares**

On March 26, 2020 the Extraordinary General Meeting adopted a resolution on redemption of 1,030,085 O series shares in Integer in the amount of PLN 89.2m. According to the resolution, the payment for the redeemed shares is to be made by March 31, 2021. The payments of the amounts due were made on 30 March 2020 PLN 15.9m, on 5 August 2020 PLN 17.8m and on 23 September 2020 PLN 39.4m. The amount remaining to be paid is PLN 16.1m.

#### **Decrease of share capital**

On March 26, 2020 the Extraordinary General Meeting adopted a resolution on share capital decrease of Integer in the amount of PLN 1.030.085. After decrease share capital amounted PLN 17.541.213.

#### **Redemption of InPost UK Ltd.'s borrowings by Inpost Paczkomaty Sp. z o.o**

In June 2020, the indebtedness restructuring process of InPost UK Ltd. aiming at continue its operations on the British market without declaring bankruptcy or restructuring proceeding, has had started. As a consequence, Inpost Paczkomaty Sp. z o.o and InPost UK Ltd.'s off-set mutual receivables in the amount of PLN 5.3m and Inpost Paczkomaty Sp. z o.o waived 80% (PLN

266.9m) of InPost UK Ltd.'s borrowings. From reporting perspective, the transaction did not have an impact on consolidated Financial Statement except for the effect of foreign exchange differences which were reclassified from other comprehensive income to profit or loss in the amount of PLN 10.5m.

#### Approval of the financial statements and dividend distribution for 2019

On September 30, 2020 the ordinary Shareholders meeting of Integer approved the financial statements for the year ended December 31, 2019. The meeting approved the financial statements and decided of the distribution of net profits: PLN 40m to be distributed as dividend to the sole shareholder AI Prime (Luxembourg) Bidco S.a.r.l. and PLN 120.4m to be recorded as reserve capital with the possibility of dividend advances payment in future years.

#### 4. Information on material accounting estimates

The preparation of the condensed interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimations and judgements are being constantly verified and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group's accounting policies were the same as those described in the Group's Historical Consolidated Financial Information for 2017- 2019, except for the estimates concerning the Management Incentive Plan and Cash Bonus Plan where the expected exit date had been changed from June 2022 to June 2021 (as disclosed in note 22 and note 23) and the expected credit loss area. The Group provided more detailed analysis of expected credit loss calculation, which resulted in amended calculations of allowances. Please refer to note 16.

#### 5. Segment information

For management purposes, the Group has three reportable segments in two geographies, as follows:

- Segments in Poland
  - APM segment, which is focused on delivery of parcels to automated parcel machines
  - To-Door segment, which includes delivery of parcels using door-to-door couriers
- Segment outside Poland
  - International segment, which includes APM business (delivery of parcels to automated parcel machines) in United Kingdom and Italy

In addition to the above reportable segments in Poland there is other segment which consists mainly of marketing and IT services provided for external customers as well as production and sale of APM's to external customers. No operating segment of the Group have been aggregated to form the above reportable operating segments.

The Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is assessed on the basis of revenue and gross profit. Additionally aggregated segment at the geography level

are assessed based on Operating EBITDA. Operating EBITDA reflects 'operating profit before amortization and depreciation'.

The accounting policies adopted are uniform for all segments and consistent with those applied for the Group.

Segments direct costs include among others costs of PUDO Points, which are delivery at pick-up drop-off facilities.

Segment performance is evaluated based on gross profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated upon consolidation and reflected in the Inter-segment eliminations column.

General cost, depreciation, finance costs, finance income and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Period of 9 months ended on 30-09-2020	International	Poland				Total	Total reportable segments
	APM	APM	To-Door	Other	Inter-segment eliminations		
	A	B	C				A+B+C
<b>Revenue and other operating income:</b>	<b>9.6</b>	<b>1,183.2</b>	<b>445.9</b>	<b>40.5</b>	<b>(2.2)</b>	<b>1,677.0</b>	<b>1,638.7</b>
External*	9.6	1,183.2	445.9	38.3	-	1,677.0	1,638.7
Inter-segment	-	-	-	2.2	(-2.2)	0,0	0,0
<b>Direct costs:</b>	<b>(15.4)</b>	<b>(495,0)</b>	<b>(304,0)</b>	<b>(4.6)</b>	<b>1,0</b>	<b>(818,0)</b>	<b>(814.4)</b>
Logistic costs	(9.2)	(443.7)	(294.3)	-	-	(747.2)	(747.2)
APM network	(4.9)	(24.9)	-	-	1,0	(28.8)	(29.8)
External costs	(3.9)	(24.9)	-	-	-	(28.8)	(28.8)
Inter-segment	(1,0)	-	-	-	1,0	0,0	(1,0)
PUDO Points*	-	(7.3)	(2.9)	-	-	(10.2)	(10.2)
Other Direct Costs	(1.3)	(19.1)	(6.8)	(3.3)	-	(30.5)	(27.2)
Cost of sold APM's and IT Projects	-	-	-	(1.3)		(1.3)	0,0
<b>Gross Profit:</b>	<b>(5.8)</b>	<b>688.2</b>	<b>141.9</b>	<b>35.9</b>	<b>(1.2)</b>	<b>859.0</b>	<b>824.3</b>

	International	Poland	Total
<b>Gross Profit:</b>	<b>(5.8)</b>	<b>864,8</b>	<b>859.0</b>
General costs	(23.9)	(199.5)	(223.4)
-Sales&Marketing	(3.5)	(46.6)	(50.1)
-Call Centre	(1.7)	(19.4)	(21.1)
-IT Maintenance	-	(15.1)	(15.1)
-Other general costs	(18.7)	(118.4)	(137,1)
<b>Operating EBITDA</b>	<b>(29.7)</b>	<b>665.3</b>	<b>635.6</b>
- Depreciation and amortization	(11.9)	(231,0)	(242.9)
<b>Operating Profit</b>	<b>(41.6)</b>	<b>434.3</b>	<b>392.7</b>



Period of 9 months ended on 30-09-2019	International	Poland				Total	Total reportable segments
	APM	APM	To-Door	Other	Inter-segment eliminations		
	A	B	C				A+B+C
<b>Revenue and other operating income:</b>	<b>5.4</b>	<b>511.1</b>	<b>293.8</b>	<b>31.4</b>	<b>(2.5)</b>	<b>839.2</b>	<b>810.3</b>
External	5.4	511.1	293.8	28.9	-	839.2	810.3
Inter-segment	-	-	-	2.5	(2.5)	0,0	0,0
<b>Direct costs:</b>	<b>(10.3)</b>	<b>(233.8)</b>	<b>(220.3)</b>	<b>(5.6)</b>	<b>2.5</b>	<b>(467.5)</b>	<b>(464.4)</b>
Logistic costs	(4.7)	(196.4)	(213.8)	-	-	(414.9)	(414.9)
APM network	(5.4)	(15.4)	-	-	2.5	(18.3)	(20.8)
External costs	(2.9)	(15.4)	-	-	-	(18.3)	(18.3)
Inter-segment	(2.5)	-	-	-	2.5	0,0	(2.5)
PUDO Points*	-	(5.4)	(2,0)	-	-	(7.4)	(7.4)
Other Direct Costs	(0.2)	(16.6)	(4.5)	(4.7)	-	(26,0)	(21.3)
Cost of sold APM's and IT Projects	-	-	-	(0.9)		(0.9)	0,0
<b>Gross Profit:</b>	<b>(4.9)</b>	<b>277.3</b>	<b>73.5</b>	<b>25.8</b>	<b>0,0</b>	<b>371.7</b>	<b>345.9</b>

	International	Poland	Total
<b>Gross Profit:</b>	<b>(4.9)</b>	<b>376.6</b>	<b>371.7</b>
General costs	(23.9)	(117.8)	(141.7)
-Sales&Marketing	(2.3)	(28.2)	(30.5)
-Call Centre	(0.7)	(11.3)	(12,0)
-IT Maintenance	-	(10.7)	(10.7)
-Other general costs	(20.9)	(67.6)	(88.5)
<b>Operating EBITDA</b>	<b>(28.8)</b>	<b>258.8</b>	<b>230,0</b>
- Depreciation and amortization	(11.9)	(135.4)	(147.3)
<b>Operating profit</b>	<b>(40.7)</b>	<b>123.4</b>	<b>82.7</b>

\*PUDO Points – commissions for servicing parcels via the pick-up, drop-off points.

Inter-segment revenue and direct costs eliminations concerns intra-group maintenance revenue, revenues from sales of APM's to Poland and international segments and management services to international segment.

### Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, Intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

**Reconciliation of profit**

	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
<b>Operating Profit</b>	<b>392.7</b>	<b>82.7</b>
Finance income	0.1	5.2
Finance costs	116.5	48.7
Profit on sales of organized part of an enterprise	1.9	-
<b>Profit before tax and discontinued operations</b>	<b>278.2</b>	<b>39.2</b>

**Revenue from external customers**

Revenue from external customers	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
Poland (domestic sales)	1,654.9	813.4
International (foreign sales)	11.3	19.1
<b>Total revenue</b>	<b>1,666.2</b>	<b>832.5</b>

The revenue information above is based on the operating locations of the customers.

Revenue from one customer amounted to PLN 436.5m and exceeded 10% of the Group's revenue during 9 months period ended on 30 September 2020, arising from sales in the APM Poland segment.

**6. Alternative performance measures – Gross Profit and Operating EBITDA**

Our segments are based on the structure of our internal management reporting to facilitate decision-making with respect to the allocation of resources and to assess the performance of our operations. The performance of our segments is measured and assessed on the basis of revenue (including other operating income) and Gross Profit. Additionally, the performance of our combined operations is measured and assessed on the basis of Operating EBITDA per geographical area, i.e. for each country where we operate. Given the relative size of our operations outside Poland, we aggregated information relating to all countries other than Poland and presented this as one reportable segment - International.

We consider Gross Profit and Operating EBITDA as alternative performance measures and we present these measures because we consider them as important supplemental measures of our performance and believe that these and similar measures are used in the industry in which we operate as means of evaluating a company's operating performance. However, Gross Profit and Operating EBITDA are not recognized measures of financial performance, financial condition or liquidity under IFRS. In addition, not all companies may calculate Gross Profit and Operating EBITDA in the same manner or on a consistent basis. As a result, this measure may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on these measures and they should not be considered in isolation or as a substitute for profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS. Gross Profit represents a margin realized on deliveries to clients which takes into account only revenue and other operating income related to deliveries as well as costs directly attributable to such deliveries.

Gross Profit is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense, profit on sales of organized part of an enterprise, share of profits of equity-accounted investees, finance costs and income, and depreciation and amortization and general costs.

Operating EBITDA represents a metric for evaluating the Group's performance which facilitates comparisons of the Group's operating results from period to period and between segments by removing the impact of, among other things, its capital structure, asset base and tax consequences.

Operating EBITDA is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of organized part of an enterprise, share of profits of equity-accounted investees, finance costs and income, and depreciation and amortization.

The reconciliation of Gross Profit and Operating EBITDA to generally accepted profitability measures are presented below.

	9M 2020	9M 2019
<b>Net profit (loss)</b>	<b>208.7</b>	<b>24.5</b>
(Profit) loss from discontinued operations	1.2	(4.2)
<b>Net profit (loss) from continuing operations</b>	<b>209.9</b>	<b>20.3</b>
Income tax expense	68.3	18.9
<b>Profit (loss) before tax</b>	<b>278.2</b>	<b>39.2</b>
Profit on sales of organized part of an enterprise	(1.9)	-
Finance costs	116.5	48.7
Finance income	(0.1)	(5.2)
Depreciation and amortization	242.9	147.3
<b>Operating EBITDA</b>	<b>635.6</b>	<b>230.0</b>
General costs	223.4	141.7
- Sales & Marketing	50.1	30.5
- Call Centre	21.1	12.0
- IT Maintenance	15.1	10.7
- Other general costs	137.1	88.5
<b>Gross Profit</b>	<b>859.0</b>	<b>371.7</b>

## 7. Seasonality of operations

Our business is subject to predictable seasonality because the vast majority of our business serves the e-commerce retail industry, which is particularly active during the end-of-year holiday season which runs from mid-November, starting around Black Friday, through the end of December. As a result of these seasonal fluctuations, we typically experience a peak in sales and generate a significant part of our sales revenue in the fourth quarter of the year. In 2020, Covid-19 has impacted seasonality but Q4 is still expected to be the strongest quarter.

Revenue and other operating income	Q1	Q2	Q3	Total
2020	412.0	653.9	611.1	1 677.0
2019	245.1	292.4	301.7	839.2

## 8. Net finance costs

	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
Interest income	0.1	0.2
Other finance income	-	5.0
<b>Total finance income</b>	<b>0.1</b>	<b>5.2</b>
	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
Foreign exchange losses	51.5	1.6
Interest expense	48.2	40.2
Deposits, fees and commissions	12.2	2.3
Other finance costs	4.6	4.6
<b>Total finance costs</b>	<b>116.5</b>	<b>48.7</b>

## 9. Income tax in profit or loss

Taxation is assessed based on annual results and, accordingly, determining the tax charge for an interim period will involve making an estimate of the likely effective tax rate for the year. The estimate average annual tax rate used for the year to 30 September 2020 is 24.6%, compared to 29.1% adjusted by one-off event (DTA derecognition due to expected liquidation of InPost S.A.) for the nine months ended 30 September 2019.

The majority of the Group's taxable income is generated in Poland and is subject to taxation according to the Corporate Income Tax Act. The CIT rate in Poland is 19%. UK, Italian companies are subject to taxation at 20% and 31.4% respectively.

The management reviews from time to time the approach adopted in preparing tax returns where the applicable tax regulations are subject to interpretation. In justified cases, a provision is established for the expected tax payable to tax authorities.

	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
Current income tax expense	75.6	5.5
Deferred income tax expense	(7.3)	13.4
<b>Income tax expense – continued operations</b>	<b>68.3</b>	<b>18.9</b>
Current income tax expense	-	0.8
<b>Income tax expense discontinued operations</b>	<b>-</b>	<b>0.8</b>

	Period of 9 months ended on 30-09-2020	
<b>Profit (loss) before tax</b>		<b>278,2</b>
<b>Tax using Integer's domestic tax rate</b>	19%	52.9
Effect of tax rates in foreign jurisdictions	(0.3%)	(0.9)
<b>Tax effect of</b>		
Tax-exempt income	(0.7%)	(1.8)
Non-deductable expenses	1.7%	4.9
Unrecognized deferred tax asset for tax losses reported during the period	2.3%	6.3
Derecognition of deferred tax asset for tax losses carried forward and other temporary differences	1.9%	5.3
Other	0.7%	1.7
<b>Income tax expense</b>		<b>68.3</b>
<b>Effective tax rate</b>	<b>24.5%</b>	

	Period of 9 months ended on 30-09-2019	
<b>Profit (loss) before tax</b>		<b>39.2</b>
<b>Tax using the Integer's domestic tax rate</b>	19%	<b>7.4</b>
Effect of tax rates in foreign jurisdictions	(1.8%)	(0.7)
<b>Tax effect of</b>		
Tax-exempt income	(0.8%)	(0.3)
Non-deductable expenses	3.0%	1.2
Non-deductable intercompany expenses (representing taxable income for counterparties)	10.7%	4.2
Deferred tax asset for tax losses not recognised reported during current period	14.5%	5.7
Derecognition of deferred tax asset for tax losses carried forward and other temporary differences	19.1%	7.5
Recognition of previously unrecognized deferred tax assets	0%	-
Other	(15,5%)	(6.1)
<b>Income tax expense</b>		<b>18.9</b>
<b>Effective tax rate</b>	<b>48.2%</b>	

## 10. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. In the period covered by the interim condensed consolidated financial statements, there were no equity instruments diluting the weighted average number of ordinary shares issued used to calculate basic earnings per share.

The following table reflects the profit and share information used in the basic and diluted EPS calculations:

	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	209.9	20.3
Discontinued operations	(1.2)	4.2
<b>Profit attributable to ordinary equity holders of the parent for basic EPS</b>	<b>208.7</b>	<b>24.5</b>
Effect of dilution	-	-
<b>Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution</b>	<b>208.7</b>	<b>24.5</b>
<b>Weighted average number of ordinary shares for basic EPS*</b>	<b>18.0</b>	<b>18.6</b>
<b>Basic / Diluted earnings per share (in PLN)</b>	<b>11.6</b>	<b>1.3</b>
<b>Basic / Diluted earnings per share (in PLN) – Continuing operations</b>	<b>11.7</b>	<b>1.1</b>

\* The weighted average number of shares takes into account the weighted average effect of changes in shares during the year.

	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
<b>Weighted average number of ordinary shares for basic EPS at the end of the period</b>	<b>17 956 266</b>	<b>18 571 298</b>

## 11. Dividends paid and proposed for payment

On 30 September 2020 the ordinary Shareholders meeting of Integer approved the standalone financial statements for the year ended 31 December 2019. The meeting approved the financial statements and decided of the distribution of net profits: PLN 40m to be distributed as dividend to the sole shareholder AI Prime (Luxembourg) Bidco S.a.r.l. and PLN 120.4m to be recorded as reserve capital with the possibility of dividend advances payment in future years.



## 12. Share capital

Series	Face value	30-09-2020	31-12-2019
A series shares	PLN 1 each	3 083 500	3 083 500
B series shares	PLN 1 each	111 934	111 934
C series shares	PLN 1 each	535 708	535 708
D series shares	PLN 1 each	656 603	656 603
E series shares	PLN 1 each	1 550 000	1 550 000
H series shares	PLN 1 each	301 003	301 003
I series shares	PLN 1 each	296 886	296 886
J series shares	PLN 1 each	292 771	292 771
K series shares	PLN 1 each	46 950	46 950
L series shares	PLN 1 each	888 862	888 862
N series shares	PLN 1 each	5 110 653	5 110 653
O series shares	PLN 1 each	0	1 030 085
P series shares	PLN 1 each	4 666 343	4 666 343
		<b>17 541 213</b>	<b>18 571 298</b>

On 26 March 2020 the Extraordinary General Meeting adopted a resolution on redemption of 1,030,085 O series shares in Integer in the amount of PLN 89.2m. According to the resolution, the payment for the redeemed shares is to be made by 31 March 2021. Until 30 September 2020 payments in the amount 16.3m EUR (PLN 73.1m) were made. The remaining part is presented in line 'other liabilities' in the balance sheet. The share capital change has been registered in the National Court Register in April 2020. The difference between shares purchase price and their nominal value (which decreased share capital) is reflected in reserve capital.

### 13. Property, plant and equipment

Property plant and equipment	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction	Total
<b>Cost at 01-01-2020</b>	<b>10.6</b>	<b>873.6</b>	<b>1.4</b>	<b>10.3</b>	<b>497.1</b>	<b>70.4</b>	<b>1,463.4</b>
Additions	2.8	231.2	1.7	5.0	-	73.1	313.8
Additions – leases					79.1		79.1
Disposal	(0.1)	(1.9)	-	(0.3)	(8.2)	(2.4)	(12.9)
Other movements*	-	(0.5)	-	0.1	94.0	-	93.6
Effect of movements in exchange rates	-	2.2	-	-	-	0.1	2.3
<b>Cost at 30-09-2020</b>	<b>13.3</b>	<b>1,104.6</b>	<b>3.1</b>	<b>15.1</b>	<b>662.0</b>	<b>141.2</b>	<b>1,939.3</b>
<b>Accumulated depreciation at 01-01-2020</b>	<b>2.3</b>	<b>262.4</b>	<b>0.5</b>	<b>4.3</b>	<b>169.7</b>	<b>-</b>	<b>439.2</b>
Depreciation for the period	0.9	74.2	0.1	2.1	141.9	-	219.2
Disposal	-	(3.2)	-	(0.3)	(6.4)	-	(9.9)
Other movements	-	(4.5)	-	-	(1.9)	-	(6.4)
Effect of movements in exchange rates	-	1.4	-	-	0.1	-	1.5
<b>Accumulated depreciation at 30-09-2020</b>	<b>3.2</b>	<b>330.3</b>	<b>0.6</b>	<b>6.1</b>	<b>303.4</b>	<b>-</b>	<b>643.6</b>
<b>Impairment losses at 01-01-2020</b>	<b>-</b>	<b>14.9</b>	<b>-</b>	<b>-</b>	<b>6.6</b>	<b>4.7</b>	<b>26.2</b>
Impairment loss	-	0.8	-	-	4.6	-	5.4
Disposal	-	(2.2)	-	-	(6.6)	-	(8.8)
Effect of movements in exchange rates	-	-	-	-	-	0.2	0.2
<b>Impairment losses at 30-09-2020</b>	<b>-</b>	<b>13.5</b>	<b>-</b>	<b>-</b>	<b>4.6</b>	<b>4.9</b>	<b>23.0</b>
<b>Carrying amount at 30-09-2020</b>	<b>10.1</b>	<b>760.8</b>	<b>2.5</b>	<b>9.0</b>	<b>354.0</b>	<b>136.3</b>	<b>1,272.7</b>

	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction	Total
<b>Cost at 01-01-2019</b>	<b>8.3</b>	<b>536.2</b>	<b>1.3</b>	<b>12.5</b>	<b>338.2</b>	<b>88.3</b>	<b>984.8</b>
Additions	3.4	280.9	3.0	3.2	-	(5.8)	284.7
Additions – leases	-	-	-	-	249.4	-	249.4
Disposal	(1.1)	(3.5)	(0.3)	(5.4)	(9.1)	-	(19.4)
Other movements**	-	57.0	(2.6)	-	(82.0)	(12.1)	(39.7)
Effect of movements in exchange rates	-	3.0	-	-	0.6	-	3.6
<b>Cost at 31-12-2019</b>	<b>10.6</b>	<b>873.6</b>	<b>1.4</b>	<b>10.3</b>	<b>497.1</b>	<b>70.4</b>	<b>1,463.4</b>
<b>Accumulated depreciation at 01-01-2019</b>	<b>1.8</b>	<b>172.3</b>	<b>0.7</b>	<b>3.6</b>	<b>94.9</b>	<b>-</b>	<b>273.3</b>
Depreciation for the period	0.6	69.5	0.2	1.9	118.7	-	190.9
Disposal	(0.1)	(2.7)	(0.3)	(1.3)	(8.4)	-	(12.8)
Other movements**	-	22.4	(0.1)	-	(35.8)	-	(13.5)
Effect of movements in exchange rates	-	1.1	-	-	0.2	-	1.3
<b>Accumulated depreciation at 31-12-2019</b>	<b>2.3</b>	<b>262.6</b>	<b>0.5</b>	<b>4.2</b>	<b>169.6</b>	<b>-</b>	<b>439.2</b>
<b>Impairment losses at 01-01-2019</b>	<b>-</b>	<b>15.0</b>	<b>-</b>	<b>0.1</b>	<b>6.6</b>	<b>2.4</b>	<b>24.1</b>
Impairment loss	-	-	-	-	-	6.7	6.7
Reversal of impairment losses	-	-	-	-	-	-	-
Disposal	-	(0.1)	-	(0.1)	-	(4.4)	(4.6)
Other movements	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-	-
<b>Impairment losses at 31-12-2019</b>	<b>-</b>	<b>14.9</b>	<b>-</b>	<b>-</b>	<b>6.6</b>	<b>4.7</b>	<b>26.2</b>
<b>Carrying amount at 31-12-2019</b>	<b>8.3</b>	<b>596.1</b>	<b>0.9</b>	<b>6.1</b>	<b>320.9</b>	<b>65.7</b>	<b>998.0</b>

\* Other RoU movements in 2020 are related to modifications in existing lease agreements

\*\* Other movements in 2019 are primarily related with change of presentation of right-of use asset upon realisation of purchase option at the lease end (mainly APMs and IT equipment) as well as derecognition related with sale in 'sale and lease-back' transactions.

## 14. Leases

### Leasing liabilities

Leasing liabilities, along with analysis of the repayment periods, are presented in the table below.

Balance as at	
<b>30 September 2020</b>	<b>309.9</b>
up to 1 year	152.2
from 1 to 3 years	76.3
from 3 to 5 years	58.0
More than 5 years	23.4

Balance as at	
<b>31 December 2019</b>	<b>275.3</b>
up to 1 year	150.9
from 1 to 3 years	68.4
from 3 to 5 years	48.1
More than 5 years	7.9

## 15. Other assets

	30 September 2020	31 December 2019
<b>Non-current</b>	<b>0.8</b>	<b>0.2</b>
Policies, other insurance	0.8	0.2
<b>Current</b>	<b>77.0</b>	<b>28.6</b>
Policies, other insurance	3.2	2.9
Prepaid services	4.8	2.8
Prepayments for property, plant and equipment and intangible assets	69.0	22.9

## 16. Trade and other receivables

	30 September 2020	31 December 2019
Trade receivables	262.3	186.8
Other receivables	28.2	29.0
<b>Total trade and other receivables</b>	<b>290.5</b>	<b>215.8</b>

Trade receivables	30 September 2020	31 December 2019
Trade receivables at fair value through profit or loss (under factoring arrangements)	59.6	54.4
Trade receivables (gross) at amortized cost	283.7	220.2
Expected credit losses – individual approach	(77.8)	(86.0)
Expected credit losses – collective approach	(3.2)	(1.8)
<b>Total trade receivables</b>	<b>262.3</b>	<b>186.8</b>

Set out below is the movement in the allowance for expected credit losses of trade receivables at amortized cost:

	30 September 2020	30 September 2019
<b>Opening balance</b>	<b>87.8</b>	<b>111.5</b>
Decrease - utilization	(0.1)	(0.1)
Provision for expected/incurred credit losses	(6.7)	(5.3)
<b>Ending balance</b>	<b>81.0</b>	<b>106.1</b>

Reconciliation of trade receivables allowance movements to profit and loss is presented below:

	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019
Impairment loss (gain) - trade receivables	(6.7)	(5.3)
Impairment loss (gain) - other receivables (financial assets)	(0.9)	(0.2)
<b>Total impact on profit and loss for the year</b>	<b>(7.6)</b>	<b>(5.5)</b>
From which:		
Continued operations (impairment of trade receivables and other financial assets)	(8.2)	(3.8)
Discontinued operations	0.6	(1.7)

30-09-2020	Trade receivables			
	Current	0-60 days	61-365 days	Total
Expected credit loss rate	0,29%	0,60%	16,78%	
Estimated total gross carrying amount at default	165,4	25,3	15,2	205.9
<b>Expected credit loss</b>	<b>0,5</b>	<b>0,1</b>	<b>2,6</b>	<b>3,2</b>

31-12-2019	Trade receivables		
	0-60 days	61-365 days	Total
Expected credit loss rate	0,42%	25,20%	
Estimated total gross carrying amount at default	129,2	5	134,2
<b>Expected credit loss</b>	<b>0,5</b>	<b>1,3</b>	<b>1,8</b>

## 17. Cash and cash equivalents

	30 September 2020	31 December 2019
Cash in bank and at hand	102.8	113.0
<b>Total cash</b>	<b>102.8</b>	<b>113.0</b>
Including in currency:	25.0	35.6
Cash in EUR converted to PLN	23.0	15.4
Cash in GBP converted to PLN	1.8	20.0
Cash in USD converted to PLN	0.1	0.1
Cash in other foreign currencies converted to PLN	0.1	0.1

## 18. Loans and borrowings

The increase in loans and borrowings in the amount of PLN 97.1m (PLN 715.3m as at September 30, 2020 compared to PLN 618.2m as at December 31, 2019) was caused by the conversion of part of loan tranches (on April 7, 2020). EUR 48.5m was converted at the exchange rate of 4.5392, yielding PLN 220m, which increased the value by PLN 13.3m compared to December 31, 2019. The valuation of the remaining principal of loans as at September 30, 2020 resulted in an increase in value by PLN 24.3m. The change in the amortized cost and the interest accrued as at September 30, 2020 resulted in an increase in the value by PLN 42.0m. Additionally, an overdraft facility in the amount of PLN 11.5m was taken. The increase was offset by the payment made in the amount of PLN 50.1m. Additional increase of Loans liabilities resulted from collateralised borrowing transactions secured with automated parcel machines, sorters and IT equipment. As a result the Group received PLN 56,1m of cash inflows.

## 19. Other financial liabilities

	30 September 2020	31 December 2019
<b>Long-term</b>	<b>157.2</b>	<b>124.4</b>
- leasing liabilities	157.2	124.4
<b>Short-term</b>	<b>153.2</b>	<b>152.3</b>
- leasing liabilities	152.7	150.9
- factoring liabilities	0.5	1.4
<b>Total</b>	<b>310.4</b>	<b>276.7</b>

## 20. Reconciliation of movements of liabilities to cash flows arising from financing activities

30 September 2020	Loans and borrowings	Lease liabilities	Factoring liabilities
<b>Amount at the beginning of period</b>	<b>618.2</b>	<b>274.5</b>	<b>1.4</b>
<b>Changes from financing cash flows</b>			
Proceeds from loans and borrowings	67.6	-	0.5
Payment of principal portion of lease liability	-	(144.2)	-
Payment of principal portion of loans and borrowings	(5.6)		
Payment of loan interests	(44.5)	(14.2)	
<b>Total changes from financing cash flows</b>	<b>17.5</b>	<b>(158.4)</b>	<b>0.5</b>
<b>Other changes</b>			
Lease additions	-	176.2	-
Interest expense	39.8	14.2	-
Other charges*	2.2	(0.2)	(1.4)
Effect of changes in foreign exchange rates	37.6	3.5	-
<b>Total liability-related other changes</b>	<b>79.6</b>	<b>193.7</b>	<b>(1.4)</b>
<b>Amount at the end of period</b>	<b>715.3</b>	<b>309.8</b>	<b>0.5</b>



30 September 2019	Loans and borrowings	Lease liabilities	Factoring liabilities
<b>Amount at the beginning of period</b>	<b>437.2</b>	<b>167.2</b>	<b>2.0</b>
<b>Changes from financing cash flows</b>			
Proceeds from loans and borrowings	180.3		1.4
Payment of principal portion of lease liability		(92.5)	
Payment of loan interests	(21.6)		
<b>Total changes from financing cash flows</b>	<b>158.7</b>	<b>(92.5)</b>	<b>1.4</b>
<b>Other changes</b>			
Lease additions		117.6	
Interest expense	27.8	9.3	
Interest paid		(9.2)	
Other charges	0.6	0.3	(2.0)
Effect of changes in foreign exchange rates	10.4	4.3	
<b>Total liability-related other changes</b>	<b>38.8</b>	<b>122.3</b>	<b>(2.0)</b>
<b>Amount at the end of period</b>	<b>634.7</b>	<b>197.0</b>	<b>1.4</b>

## 21. Contingent liabilities

### Coverage of net cost of common services provided by the appointed operator (Poczta Polska)

InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. are registered as a postal operator in the register maintained by the Polish authority charged with regulating postal operators.

The Polish Postal Act provides that the universal postal services, comprising sorting, transport and delivery of letter-post items and postal parcels of specified dimensions, are provided by the designated operator (currently, Poczta Polska S.A. ('Polish Post')). Further, the Polish Postal Act provides that the designated operator may apply for a certain subsidy in the form of the financing of the net cost, due to the fact that designated operator is obliged to fulfil a number of obligations, including providing services throughout the country and incurs certain costs. The net cost is the difference between the justified net cost of operations of the designated operator and the net cost of operations of the same operator providing postal services but not subject to the universal service obligation, minus the indirect benefits related to the provision of universal services and the benefits resulting from special or exclusive rights granted to the designated operator.

The financing of the net cost is triggered when the provision of universal services has resulted in a loss, understood as a negative result on the sale of these services. The net cost is financed up to the amount of the loss on the provision of universal services. The Polish Postal Act establishes a mixed method of financing the net cost. In the first place, the net cost should be financed by postal operators providing universal services or services falling within the scope of universal services, whose revenue from these services in the financial year for which the surcharge is determined exceeded PLN 1m. Each postal operator is obliged to participate in the surcharge finances the net cost in the amount established as the proportion of their revenues from the provision of universal services or services falling within the scope of universal services to the total revenues of all postal operators obtained from the provision of such services. The Polish Postal Act provides for a maximum share of each operator in the subsidy up to the level of 2% of the amount of revenues obtained by the relevant operator from universal

services or services falling within the scope of universal services. If the sum of the shares in the surcharge is not sufficient to finance the total net cost, the excess is financed from the State budget.

The above means that if the designated operator (i.e. the Polish Post) incurs a loss from provision of the universal services, it may apply for the financing the net cost, resulting in the obligation of InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. to participate in the surcharge up to 2% of the amount of revenues obtained by InPost Paczkomaty sp. z o.o. and InPost sp. z o.o. from universal services or services falling within the scope of universal services (if their revenue from these services in the financial year for which the surcharge is determined exceeded PLN 1m). Since the introduction of the above-described regulation concerning the financing the net cost, the designated operator (Polish Post) sustained a loss on the provision of the universal services for the year 2013. As a result, the President of the Office of Electronic Communications (Urząd Komunikacji Elektronicznej – 'UKE') issued a decision obliging postal operators other than Polish Post to transfer PLN 95.1m to Polish Post as surcharge. Subsequently, the President of UKE instigated proceedings aimed at establishing the amount to be paid by each entity, including InPost S.A. and InPost Paczkomaty sp. z o.o. (which in 2013 provided universal postal services). As of today, the President of UKE has not yet determined the amounts of the surcharge to the universal services that would be payable by InPost S.A. and InPost Paczkomaty sp. z o.o. It is estimated that the maximum aggregate sum to be paid by InPost S.A. and InPost Paczkomaty sp. z o.o. will amount to approx. PLN 3.2m. After 2013 the Polish Post did not incur losses from provision of universal services. If the Polish Post (or another relevant designated operator) would incur losses from the provision of universal services in the future, the above-mentioned regime would apply and the relevant Group entities providing universal services or services falling within the scope of universal services in the financial year to which the loss would relate could be obliged to participate in covering the relevant amount of the net costs.

## 22. Provisions and accruals

	Provision for exit costs*	Employee benefits	Performance bonuses	Other	Total
<b>Balance as at 31.12.2019</b>	<b>4.3</b>	<b>3.9</b>	<b>8.3</b>	<b>12.9</b>	<b>29.4</b>
Recognition	-	2.9	5.3	27.7	35.9
Release	-	-	-	(1.6)	(1.6)
Use	(0.3)	(1.5)	(8.3)	(10.1)	(20.2)
<b>Balance as at 30.09.2020</b>	<b>4.0</b>	<b>5.3</b>	<b>5.3</b>	<b>28.9</b>	<b>43.5</b>

\*Provisions for liquidation of operations in the foreign markets.

## 23. Share-based payment

In case of Management Incentive Plan, as at 30 June 2020, Integer has reassessed its estimate with regards to the Exit date, which was originally determined as June 2022, to June 2021. As a result Integer has recalculated the remaining cost over the amended vesting period. Total costs recognized in statement of profit or loss for the period of 9 months 2020 amounted to PLN 3.1m. This is presented in the payroll costs.

**24. Other liabilities**

<b>Current other liabilities</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Non-financial liabilities</b>		
Payroll liabilities	15.5	12.9
Advances received	38.8	-
Liabilities to the state budget	15.5	15.2
<b>Financial liabilities</b>		
Other accruals	0.5	0.7
Contract liabilities	-	1.5
Liabilities for dividend payment and share redemption	54.1	-
<b>Total other current liabilities</b>	<b>124.4</b>	<b>30.3</b>

**25. Trade and other payables**

	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Trade payables</b>	<b>209.7</b>	<b>154.3</b>
To related parties	20.8	-
To third parties	188.9	154.3
<b>Other financial liabilities</b>	<b>38.8</b>	<b>37.0</b>
Cash collected on behalf of third parties	20.0	16.2
Investment liabilities	15.2	18.3
Other	3.6	2.5
<b>Total trade and other payables</b>	<b>248.5</b>	<b>191.3</b>

**26. Guarantees and other securities**

As at September 30, 2020 the total amount of granted bank guarantees on behalf of companies from the Group amounted to PLN 42.2m (as at September 30, 2019 amounted to PLN 22m). Bank guarantees are a collateral for the obligations from contracts signed by the Group.

**27. Information about affiliates****Transactions with related parties**

The services rendered for the Group by related parties are related to the following services: management, quality control, marketing, distribution, advertising, legal consulting, deliveries of materials. No impairment allowance has been recognized in respect of these transactions. Receivables from related entities are not interest-bearing and hedged. Repayment terms are on market terms.

Related party transactions		
Entity's name	Transactions	
	30-09-2020	30-09-2019
<b>Purchases</b>		
Benhauer Sp. z o.o.	0.2	-
Consulting Services Marcin Pulchny	0.3	0.3
F.H. Fenix Rafał Brzoska	1.0	1.0
Lidar Management Dariusz Lipiński	0.3	0.3
FINSTRAT Adam Aleksandrowicz	0.7	0.5
QUANTUM Damian Niewiadomski	0.5	0.5
Usługi Doradztwa biznesowego Sebastian Anioł	1.0	0.5
Nowa Idea Joanna Burgiel	0.5	0.4
Just Trust Izabela Karolczyk-Szafrńska	0.8	0.3
ML Trade Michał Lis	0.8	0.5
Magdalena Ociepka	0.7	0.4
Marcin Rosati	0.9	-
Michał Wróbel	0.8	0.4
Łukasz Turczyński	0.7	0.4

Related party transactions		
Entity's name	Transactions	
	30-09-2020	30-09-2019
<b>Sales</b>		
F.H. Fenix Rafał Brzoska	0.1	-

Related party transactions		
Entity's name	Transactions	
	30-09-2020	30-09-2019
<b>Liabilities</b>		
Advent International Corporation.	0.7	0.7
DJW Inwestycje sp. z o.o.	0.1	-

List of capital related entities include associates and parent of the Group AI Prime Bidco S.a r. l. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted using equity method.

All outstanding balances with these related parties are priced on an arm's length basis. None of the balances is secured. No expense has been recognized in the current year or prior years due to impairment of amounts owed by related parties. No guarantees have been given or received.

Entity's name	Transactions		Balances	
	Period of 9 months ended on 30-09-2020	Period of 9 months ended on 30-09-2019	30 September 2020	31 December 2019
<b>Parent of the Group – AI Prime Bidco S. a r. l.</b>				
Loan and related interest			-658,4	-610,5
Payables with regards to redemption of shares			-54,1	
Finance income				-
Finance costs/other financial liabilities	33,1	28,5	-0,3	-4,9
<b>Associates – sales of good and services and receivables balance</b>				
EasyPack PlusSelf Storage LLC (UAE)				-
Tisak InPost LLC (HR)				-
InQubit Sp. z o.o.				-
<b>InPost Technology</b>				
Purchases of goods and services and payables balance	10,6	0	20,9	0
Sales of goods and services and receivable balance	0,5	0	0,8	0

## 28. Financial instruments by category

	Category under IFRS 9	Carrying amount	
		30 September 2020	31 December 2019
Financial assets measured at fair value through profit or loss (level 2 in the fair value hierarchy)			
Derivative instruments other than used for hedging	at FVTPL	0.3	2.5
Trade receivables transferred to non-recourse factoring	at FVTPL	59.6	54.4
Financial assets not measured at fair value			
Trade receivables not transferred to non-recourse factoring and other receivables	at amortized cost	202.7	132.4
Other receivables - current	at amortized cost	5.4	3.0
Other receivables - non-current	at amortized cost	2.5	3.2
Loans granted	at amortized cost	-	-
Cash and cash equivalents	at amortized cost	102.8	113.0
Total financial assets		373.3	308.5

	Category under IFRS 9	Carrying amount	
		30 September 2020	31 December 2019
Financial liabilities measured at fair value through profit or loss (level 2 in the fair value hierarchy)			
Derivative instruments other than used for hedging	FVTPL	-	-
Financial liabilities not measured at fair value			
Current loans and borrowings	Other financial liabilities	24.4	4.9
Non-current loans and borrowings	Other financial liabilities	690.8	613.3
Trade payables and other liabilities	Other financial liabilities	248.5	191.3
Non-current lease liabilities	Other financial liabilities	157.2	124.4
Current lease liabilities	Other financial liabilities	152.7	150.9
Current factoring liabilities	Other financial liabilities	0.5	1.4
Total financial liabilities		1,274.1	1,086.2

CIRS are measured based on valuations provided by the issuing bank, which in the management assessment reflect the fair value as of the reporting date.

In case of financial assets and financial liabilities not measured at fair value, their carrying amounts are reasonable approximation of their fair values as at 30 September 2020 and 31 December 2019.

Trade receivables under factoring arrangements are measured at fair value based on factoring arrangements provisions regarding transfer of receivables, which are assessed by the management as reflecting the market prices as of the reporting date.

## 29. Financial risk management objectives

With regard to the assessment of financial risk management, there are no significant changes to the sensitivity information disclosed in the Group's Historical Consolidated Financial Information for 2017-2019.



### 30. Events after the balance sheet date

#### Coronavirus pandemic

The Management Board has made an analysis of the potential effects that the outbreak of the coronavirus pandemic may have on the disclosures, assumptions and estimates adopted while preparing the Interim Condensed Consolidated Financial Statement for the period of 9 months ended 30 September 2020 and 30 September 2019.

At the moment of the statement publication, the pandemic has not caused any significant limitations in the Group's operations such as suspension or limitation of operations, or operational problems in activities.

Certainly the pandemic will cause a change in the structure of recipients and clients as well as the kind of transported goods, however, the Management Board does not expect any significant decrease in demand. Automated Parcel Machines remain one of the safest delivery methods in the era of the pandemic, enabling social distancing and contact-free collection of any goods ordered by the buyers. All potential problems with suppliers are being analysed, with emergency plans and alternative suppliers being introduced as needed. Integer also continues to adjust its operations to the changing legal requirements introduced by the Polish government. At this moment the Group does not expect any significant negative effect of the pandemic on the expected results as well as cash flows.

Kraków, 2 December 2020

.....  
Rafał Brzoska

*President of the Management Board*

.....  
Marcin Pulchny

*Vice President of the Management Board*

.....  
Adam Aleksandrowicz

*Vice President of the Management Board*

.....  
Dariusz Lipiński

*Vice President of the Management Board*

.....  
Damian Niewiadomski

*Vice President of the Management Board*



## Independent registered auditor's report on the review of the Interim Condensed Consolidated Financial Statements

To the Shareholders and the Management Board of Integer.pl S.A.

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Integer.pl S.A. Group (hereinafter called the "Group"), having Integer.pl S.A. as its parent company (hereinafter called the "Parent Company"), with its registered office in Poland, Kraków, ul. Wielicka 28, comprising the interim condensed consolidated statement of financial position as at 30 September 2020 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated cash flow statement for the periods from 1 January to 30 September 2020 and from 1 January to 30 September 2019, and additional information notes and explanations.

Management of the Parent Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the National Council of Certified Auditors as the National Standard on Review Engagements 2410. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim condensed consolidated financial statements have not been prepared, in all material respect, in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Conducting the review on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., a company entered on the list of Registered Audit Companies with the number 144:

Michał Mastalerz

Key Registered Auditor  
No. 90074

Kraków, 3 December 2020

InPost S.A.  
Société Anonyme  
Financial Information  
as at 6 November 2020

Share Capital	EUR 31,000.00
RCS Luxembourg	B248669
Registered Office	2-4 rue Beck L-1222 Luxembourg

**InPost S.A.**

Société Anonyme  
RCS Luxembourg B248669  
Financial Information  
as at 6 November 2020

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## **Audit Report**

To the Board of Directors

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## **Report on the audit of the financial information**

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### **Our opinion**

In our opinion, the accompanying financial information of InPost S.A. (the “Company”) as at 6 November 2020, give a true and fair view of the financial position of InPost S.A. as at 6 November 2020 in accordance with Luxembourg legal and regulatory requirements relating to the presentation and preparation of the financial information.

#### *What we have audited*

The Company’s financial information comprise:

- the balance sheet as at 6 November 2020;
- the notes to the financial information, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Institut des Réviseurs d’Entreprises” (IRE). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the IRE are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial information” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF) together with the ethical requirements that are relevant to our audit of the financial information. We have fulfilled our other ethical responsibilities under those ethical requirements.

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### **Emphasis of Matter - Basis of accounting**

We draw attention to Note 2.1 to the financial information, which describes the basis of accounting. The financial information are prepared in the context of the inclusion in the Initial Public Offering (IPO) prospectus of InPost S.A.. As a result, the financial information may not be suitable for another purpose.






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**Responsibilities of the Board of Directors for the financial information**

The Board of Directors is responsible for the preparation and fair presentation of these financial information in accordance with Luxembourg legal and regulatory requirements relating to the presentation and preparation of the financial information, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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**Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial information**

The objectives of our audit are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the IRE will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the IRE, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;



- conclude on the appropriateness of the Board of Directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 14 January 2021

Brieuc Malherbe

**Annual Accounts Helpdesk :**

**Tel. : (+352) 247 88 494**  
**Email : centralebilans@statec.etat.lu**

RCSL Nr. : B248669 Matricule :

**BALANCE SHEET**

**Financial year from** 01 06/11/2020 **to** 02 06/11/2020 (in 03 EUR )

InPost S.A.

Rue Beck, 2-4

L-1222 LUXEMBOURG

**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>			
I. Subscribed capital not called	1101 _____	101 _____	102 _____
II. Subscribed capital called but unpaid	1103 _____	103 _____	104 _____
	1105 _____	105 _____	106 _____
<b>B. Formation expenses</b>			
	1107 _____	107 _____	108 _____
<b>C. Fixed assets</b>			
I. Intangible assets			
1. Costs of development	1109 _____	109 _____	110 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1111 _____	111 _____	112 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1113 _____	113 _____	114 _____
b) created by the undertaking itself	1115 _____	115 _____	116 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1117 _____	117 _____	118 _____
4. Payments on account and intangible assets under development	1119 _____	119 _____	120 _____
II. Tangible assets			
1. Land and buildings	1121 _____	121 _____	122 _____
2. Plant and machinery	1123 _____	123 _____	124 _____
	1125 _____	125 _____	126 _____
	1127 _____	127 _____	128 _____
	1129 _____	129 _____	130 _____

The notes in the annex form an integral part of the financial information

RCSL Nr. :	B248669	Matricule :
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	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	135	136
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
<b>D. Current assets</b>	1151	31,000.00	152
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	163	164
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
a) becoming due and payable within one year	1173	173	174
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183	184
a) becoming due and payable within one year	1185	185	186
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. :	B248669	Matricule :
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	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <b>31,000.00</b>	198 _____
E. Prepayments	1199 _____	199 _____	200 _____
<b>TOTAL (ASSETS)</b>		201 <b>31,000.00</b>	202 _____

The notes in the annex form an integral part of the financial information

RCSL Nr. :

B248669

Matricule :

**CAPITAL, RESERVES AND LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
	1301	9,900.10	302
I. Subscribed capital	1303 3	31,000.00	304
II. Share premium account	1305		306
III. Revaluation reserve	1307		308
IV. Reserves	1309		310
1. Legal reserve	1311		312
2. Reserve for own shares	1313		314
3. Reserves provided for by the articles of association	1315		316
4. Other reserves, including the fair value reserve	1429		430
a) other available reserves	1431		432
b) other non available reserves	1433		434
V. Profit or loss brought forward	1319		320
VI. Profit or loss for the financial year	1321	-21,099.90	322
VII. Interim dividends	1323		324
VIII. Capital investment subsidies	1325		326
<b>B. Provisions</b>	1331		332
1. Provisions for pensions and similar obligations	1333		334
2. Provisions for taxation	1335		336
3. Other provisions	1337		338
<b>C. Creditors</b>	1435	21,099.90	436
1. Debenture loans	1437		438
a) Convertible loans	1439		440
i) becoming due and payable within one year	1441		442
ii) becoming due and payable after more than one year	1443		444
b) Non convertible loans	1445		446
i) becoming due and payable within one year	1447		448
ii) becoming due and payable after more than one year	1449		450
2. Amounts owed to credit institutions	1355		356
a) becoming due and payable within one year	1357		358
b) becoming due and payable after more than one year	1359		360

The notes in the annex form an integral part of the financial information



RCSL Nr. :	B248669	Matricule :
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	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	21,099.90	368 _____
a) becoming due and payable within one year	1369 _____ 4	21,099.90	370 _____
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 _____	380 _____
a) becoming due and payable within one year	1381 _____	381 _____	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 _____	452 _____
a) Tax authorities	1393 _____	393 _____	394 _____
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____	397 _____	398 _____
i) becoming due and payable within one year	1399 _____	399 _____	400 _____
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____	403 _____	404 _____
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		31,000.00	
		405 _____	406 _____

The notes in the annex form an integral part of the financial information

**InPost S.A.**  
Société Anonyme  
RCS Luxembourg B248669  
Notes to the  
Financial Information  
as at 6 November 2020

**NOTE 1 - GENERAL INFORMATION**

InPost S.A. (hereafter the "Company") is a Luxembourg Company incorporated on 6 November 2020 as a "société anonyme" for an unlimited duration and is governed by the law of 10 August 1915 concerning commercial companies, as amended.

The Company is registered with the Companies and Trade Register of Luxembourg under the number (in pending) and has its registered office at 2-4 rue Beck, L-1222 Luxembourg.

In general, the Company may conduct any commercial, industrial or financial transactions that it considers useful for the achievement and development of its corporate purpose.

**NOTE 2 - ACCOUNTING POLICIES**

The principal accounting policies of the Company are summarised below:

**2.1 Basis of preparation**

The financial information have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

The financial information are prepared in the context of the inclusion in the Initial Public Offering ("IPO") prospectus of Inpost S.A.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, as amended, determined and applied by the Board of Directors.

The preparation of financial information requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial information in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial information therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**InPost S.A.**  
Société Anonyme  
RCS Luxembourg B248669  
Notes to the  
Financial Information  
as at 6 November 2020

## 2.2 Significant accounting policies

### 2.2.1. Foreign currency translation

The Company maintains its accounting records in EUR and the financial information are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

### 2.2.2. Creditors

Creditors are recorded at their reimbursement value.

## NOTE 3 - CAPITAL AND RESERVES

### NOTE 3.1 - SUBSCRIBED CAPITAL

The Company was incorporated on 6 November 2020 with a subscribed and fully paid up capital of EUR 31,000.00 represented by 3,100,000 ordinary shares of EUR 0.01 each.

As at 6 November 2020, the subscribed and fully paid up capital amounting to EUR 31,000.00 is represented by 3,100,000 ordinary shares with a nominal value of EUR 0.01 each.

## NOTE 4 - CREDITORS

**06/11/2020**  
**EUR**

The caption is detailed as following

Audit fees	20,000.00
Notary fees	941.35
Bank fees	158.55
	<u>21,099.90</u>

## NOTE 5 - TAXATION

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

## NOTE 6 - OFF BALANCE SHEET ITEMS AND REMUNERATION TO THE MANAGEMENT

There are no off balance sheet items and no remuneration to the management.

## NOTE 7 - SUBSEQUENT EVENTS

There are no subsequent events.

## COMPANY

**InPost S.A.**  
2-4 rue Beck  
L-1222 Luxembourg  
Grand Duchy of Luxembourg

## AI PRIME

**AI Prime & Cy SCA**  
2-4 rue Beck  
L-1222 Luxembourg  
Grand Duchy of Luxembourg

## LEGAL ADVISERS TO THE COMPANY AND AI PRIME

<i>As to Dutch law</i> <b>Stibbe N.V.</b> Beethovenplein 10 1077WM Amsterdam The Netherlands	<i>As to Luxembourg law</i> <b>Stibbe Avocats</b> 6, rue Jean Monnet 2180 Luxembourg Grand Duchy of Luxembourg	<i>As to English and US law</i> <b>Weil, Gotshal &amp; Manges LLP</b> 110 Fetter Lane London EC4A 1AY United Kingdom	<i>As to Polish law</i> <b>CMS Cameron McKenna Nabarro Olswang Pośniak i Bejm sp.k.</b> ul. Emilii Plater 53 Warsaw 00-113 Republic of Poland
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## JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

<b>Citigroup Global Markets Europe A.G.</b> Reuterweg 16 60323 Frankfurt am Main Germany	<b>Goldman Sachs Bank Europe SE</b> Marienturm Taunusanlage 9-10 60329 Frankfurt am Main Germany	<b>J.P. Morgan A.G.</b> Taunustor 1 (TaunusTurm) 60310 Frankfurt am Main Germany
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## JOINT BOOKRUNNERS

<b>ABN AMRO Bank N.V.</b> Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands	<b>Barclays Bank Ireland PLC</b> One Molesworth Street Dublin 2 Ireland D02 RF29	<b>BNP PARIBAS</b> 16, boulevard des Italiens 75009 Paris France	<b>Jefferies International Limited</b> 100 Bishopsgate London EC2N 4JL United Kingdom	<b>Jefferies GmbH</b> Bockenheimer Landstrasse 24 60323 Frankfurt am Main Germany
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## CO-BOOKRUNNERS

<b>Bank Polska Kasa Opieki Spółka Akcyjna – Biuro Maklerskie Pekao</b> ul. Grzybowska 53/57 00-844 Warsaw Republic of Poland	<b>Dom Maklerski Banku Handlowego S.A.</b> Senatorska 16 street 00-923 Warsaw Republic of Poland	<b>ING Bank N.V.</b> Bijlmerdreef 106 1102CT Amsterdam The Netherlands	<b>Pekao Investment Banking S.A.</b> ul. Żwirki i Wigury 31 02-091 Warsaw Republic of Poland
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## LEGAL ADVISERS TO THE BANKS

<i>As to Dutch law</i> <b>Clifford Chance LLP</b> IJsbaanpad 2 1076 CV Amsterdam The Netherlands	<i>As to Luxembourg law</i> <b>Clifford Chance LLP</b> 10 Boulevard Grande-Duchesse Charlotte 1147 Luxembourg Grand Duchy of Luxembourg	<i>As to English law</i> <b>Clifford Chance LLP</b> 10 Upper Bank Street London E14 5JJ United Kingdom	<i>As to US law</i> <b>Clifford Chance Europe LLP</b> 1 rue d'Astorg Paris 75008 France	<i>As to Polish law</i> <b>Clifford Chance Janicka, Krużewski, Namiotkiewicz i spółnicy sp.k.</b> ul. Lwowska 19 00-660 Warsaw Republic of Poland
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## LISTING AND PAYING AGENT

**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

## INDEPENDENT AUDITORS

*As auditors of the 2017-2019  
Financial Statements of Integer.pl*  
**KPMG Audyt spółka z  
ograniczoną odpowiedzialnością  
spółka komandytowa** ul. Inflancka  
4A, 00-189 Warsaw  
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*As auditors of the Company*  
**PricewaterhouseCoopers, Société  
coopérative**  
2, Rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

*As auditors of the Interim Financial  
Statements of Integer.pl*  
**PricewaterhouseCoopers Polska  
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