



OEX GROUP

Report on the activities in the
period from 1 January 2020 to
31 December 2020

WARSAW, 31 MARCH 2021



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1. Information about the Issuer;

Name:	OEX
Legal form:	Spółka Akcyjna (<i>Polish joint-stock company</i>)
Seat:	02-797 Warszawa, ul. Klimczaka 1
Registration authority:	District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register
Statistical number (REGON):	630822208

2. Principles of the preparation of the consolidated annual financial statements and a description of the internal control systems and risk management systems applied with respect to the process of preparation of the financial statements;

The principles governing the preparation of the annual consolidated financial statements were described in the annual consolidated financial statements for 2020 in the part entitled 'Drawing up basis and accounting rules'.

As regards the financial reporting, the internal control system and the risk management system are managed directly by the Company's Management Board. The supervision over the process of preparation of the financial statements is maintained by the Chief Financial Officer (Member of the Management Board).

The consolidated financial statements in 2020 were prepared by a professional external company providing accounting services with the use of a software dedicated to preparing financial statements on the basis of separate statements of subsidiaries as approved by the Management Boards of such companies. The software allows an identification and elimination of intercompany transactions.

Additionally, during the performance of consolidation procedures, a reconciliation of transactions made within the Group between its member companies is made. After the consolidated financial statements have been prepared, it is verified by Consolidation and Accounting Policy Director of the external entity and then by the CFO. Any errors identified are immediately corrected. After the verification, the statements are submitted to the Management Board for approval and to the Audit Committee.

3. Description of the organisation of the issuer's group, with an indication of consolidated entities, and description of changes in the organisation of the issuer's group, with an identify underlying reasons;

The OEX Group is made up from the parent company OEX S.A. (Issuer) and the entities presented in the tables below:

• SUBSIDIARY COMPANIES

SUBSIDIARIES OF OEX SA			
Name of the Company	Registered office	% of shares/participations held directly	% of shares/participations held indirectly
Tell Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100	
Europhone Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100	
PTI Sp. z o. o.	ul. Forteczna 19A, 61-362 Poznań	100	
OEX Cursor S.A.	ul. Równoległa 4A, 02-235 Warszawa	100	
Merservice Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
Pro People Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
OEX E-Business Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
Divante S.A.	ul. Dmowskiego 17, 50-203 Wrocław	51.03	

Voice Contact Center Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
OEX24 Sp. z o. o.	ul. Klimczaka 1, 02-797 Warszawa	100	
iPOS S.A.	ul. Klimczaka 1, 02-797 Warszawa	50.99	
OEX B2B Sp. z o.o.	ul. Klimczaka 1, 02-797 Warszawa	100	

- ASSOCIATE COMPANIES**

ASSOCIATES			
Name of the Company	Registered office	% of shares/participations held directly	% of shares/participations held indirectly
Face and Look S.A.	ul. Klimczaka 1, 02-797 Warszawa		31

- JOINTLY-CONTROLLED COMPANIES**

JOINTLY-CONTROLLED COMPANIES			
Name of the Company	Registered office	% of shares/participations held directly	% of shares/participations held indirectly
4Shops Sp. z o.o.	ul. Klimczaka 1, 02-797 Warszawa	0	50

The Group also comprises Connex Sp. z o.o. in liquidation seated in Poznań. This company is no longer active and is not subject to consolidation. As regards the shares in this company, OEX S.A. made impairment charges equal to 100% of their value.

All the subsidiaries of the OEX S.A. Group presented above are subject to full consideration. The co-controlled company 4Shops Sp. z o.o. and the associate company Face and Look S.A. with registered office in Warsaw are valued in the consolidated financial statements using the equity method.

After the balance sheet date, the Group sold all the shares it held in an associate company Face and Look S.A.

4. Information about basic products, goods or services, with a breakdown into volumes and value as well as the shares of particular products, goods and services (if they are material) or their groups in total sale of the issuer, changes in this respect during the year;

Until the end of 2019, OEX S.A. had four operating segments within its Group (Retail Sale Network Management, Sale Support, E-Business and BPO) as well as a holding company - OEX S.A. (not allocated).

Starting from 1 January 2020, the Group has had 3 segments (no more BPO segment in relation with the sale of ArchiDoc S.A., the segment's leading company, effected in October 2019). The business and the results of Voice Contact Center, previously reported in the BPO segment, were shown in the E-Business segment since 2020. In consequence of the change in segment classification, the Group also restated the comparable data for 2019.

Additionally, as of the date of publication of the statements for the third quarter of 2020, the Group changed the name of the E-Business segment. The name 'E-Business' was replaced by 'eCommerce Services'. The term "e-business" refers more to the so-called electronic business and is associated mainly with technological firms and IT, which does not fully correspond to the objects of the business pursued by the OEX Group in this segment. The new segment name makes a direct reference to the strategic objectives set by the segment companies – development of services and technologies as well as reinforcement of the position on the market of eCommerce segment suppliers. The change will allow a simplification and standardization of the OEX Group's communication and will render the message more understandable.

The results of iPOS S.A. acquired in 2020 and of OEX B2B Sp. z o.o. established on 21 September 2020 were not allocated to any of the existing operating segments. They were disclosed in the 'not allocated' segment in the segment note together with the results of the parent company.

The share capital of Company OEX B2B Sp. z o.o. amounts to PLN 200 thousand. It was established in order to maintain and develop the B2B marketplace platform OEX24.com, operating in the eCommerce environment. The OEX24.com platform enables transactions between enterprises: producers and distributors of certain goods and products on the one part and entities interested in purchasing them on the other part. The platform has an international reach – currently it allows the sale of goods in Europe and in Asia. The Company's revenues will originally come from the transaction commissions and in the future they may be extended to include subscription model fees.

Retail Sale Network Management Segment

The retail sale network management segment comprises comprehensive services related to the sale of the client's products and services in a network of stores and retail outlets, and in particular the creation and management of retail sale outlet networks and the sale and sale force management. The OEX Group concentrates on the management of the mobile phone service distribution network, whereby the experience and unique competences related to sale network building may be used in other sectors on the basis on a similar distribution model. At present, the OEX Group is the provider of these services to three mobile phone operators in Poland – Orange, T-Mobile and Plus. The sale of the Orange network services is ensured by Tell Sp. z o. o., of the T-Mobile network services by Europhone Sp. z o. o. and the of the PLUS network - by PTI Sp. z o. o. The OEX Group has achieved its current position on the market by taking over smaller networks and by developing cooperation with operators.

Value of the sale network of the Retail Network Management segment

NUMBER OF STORES AS AT THE BALANCE SHEET DAY				
	as at 31/12/2020	as at 31/12/2019	change y/y in pcs.	change y/y in pcs.
Orange network stores	176	180	-4	-2.2%
T-Mobile network stores	119	93	+26	+28.0%
Plus network stores	64	66	-2	-3.0%
Total stores	359	339	+20	+5.9%

The increase in the number of T-Mobile stores results from the take-over of 27 stores from Mobile MIX, finalized on 30/11/2020.

AVERAGE NUMBER OF STORES IN THE FINANCIAL YEAR				
	average in the period 01/01-31/12/2020	average in the period 01/01-31/12/2019	change y/y in pcs.	change y/y in %
Orange network stores	177.0	183.0	-6.0	-3.3%
T-Mobile network stores	94.4	96.0	-1.6	-1.7%
Plus network stores	64.0	66.0	-2.0	-3.0%
Total stores	335.4	345.0	-9.6	-2.8%

Revenue volumes and breakdown - the retail sale network management segment

BREAKDOWN OF REVENUE			
	01/01-31/12/2020	01/01-31/12/2019	change y/y in %
Revenue from commissions on the sale of telecommunication services	127036	132898	-4.4%
Sets and pre-paid refills	4340	5780	-24.9%
Postpaid contract phones	39594	41725	-5.1%
Other revenue	5449	10158	-41.2%
Total	176419	190561	-7.1%

VOLUMES OF SERVICES SOLD			
	01/01-31/12/2020	01/01-31/12/2019	change y/y in %
Postpaid activations	861311	910885	-5.4%
Prepaid activations	123714	151541	-18.4%
Total	985025	1062426	-7.3%

Sale Support Segment

Operations of this segment are carried out by OEX Cursor S.A., Merservice Sp. z o.o. and Pro People Sp. z o.o. The services rendered by the companies focus on activities from the trade support and field marketing area and their objective is to support the sales of clients' products and services and influence the development of distribution. The services also comprise experience marketing and promotion activities aimed at building and increasing consumer loyalty to the brands promoted. The clients of the Sale Support segment include FMCG producers and distributors, mainly from the food industry. In this Segment, also the HR management and recruitment services for the purposes of the OEX Group, i.e. object of the business of Pro People Sp. z o.o., are rendered.

The services are mainly pursued using the outsourcing model, which consists in the take over from the clients of the sale support processes in whole or in part. The services are provided using the human resources of the segment's companies as well as such working tools and the car fleet and IT systems. The cooperation may concern the team management as well as the management of entire sale and marketing processes of clients.

- **Trade Support**

Services in this area are provided by OEX Cursor S.A. and Merservice Sp. z o.o.

The outsourcing of sales representatives consists in the provision of a field team of sales representatives, provision of all the necessary working tools for that team and the supervision over its proper activities. The task of the team is, depending on the given project pursued, the acquisition of new or the support of the existing consumers of the client's (the point-of-sale's) goods and services. The sales representative outsourcing service is addressed to the entire market (modern, traditional and specialist sales).

Shared sales forces is a service that consists in the provision of a field team equipped with all the necessary work tools. The team pays merchandising and commercial visits to selected retail outlets all over Poland in a shared model, i.e. for various producers (not on an exclusivity basis). It is an alternative to the outsourcing of sales representatives. This service

is provided in various sales channels – from traditional brick-and-mortar stores, through petrol stations and supermarkets to cash & carry and hypermarkets.

Merchandising consists in the service related to the exposure of goods in commercial networks on the modern and traditional markets by on-site teams as well as by mobile teams (provided with appropriate vehicles). The service is rendered using IT tools.

The examination of goods exposure and availability and consumer communication standards supplements the merchandising offer. The examination is carried out in the form of audits made in commercial networks and retail outlets. Their purpose is to obtain information from the market, verify the arrangements made between the retail outlet and the producer and control the effectiveness of sales structures of the client. An element supplementing the process is the construction and update of databases. The data acquisition process takes place using IT tools, which guarantee the quality and reliability of materials collected. The offer also comprises the analyses and presentations of data.

- **Field Marketing**

Services in this area are provided by OEX Cursor S.A.

Experience marketing involves activities to addressed individually to a specific product or service, the purpose of which is to engage the consumer and to build brand awareness by interacting with the product. Projects pursued for the clients comprise dedicated events, education and sale actions, samplings and tastings together with the provision of personnel, equipment and logistics of marketing materials as well as the management of loyalty programmes.

Shopper marketing Product promotion services comprise activities related to a direct contact with the consumer, the purpose of which is to influence the purchase decisions taken in the point of sale. They concern project related to the provision to the producers of teams defined as 'Client Advisers' who stimulate the sale in modern or traditional sale outlets or in commercial networks by ensuring additional information about the product, allowing the clients to try product samples or realize individual orders of consumers. Such activities are reinforced by organisation of consumer programmes such as lotteries or contests.

E-Commerce Services Segment

The segment comprises the following companies: OEX E-Business Sp. z o. o, Divante S.A., OEX24 Sp. z o. o. and Voice Contact Center Sp. z o.o. The eCommerce Services segment provides mainly services dedicated to the eCommerce sector, including the areas of technology, customer experience and logistics.

The **logistic operations** are provided by OEX E-Business Sp. z o.o. The comprise mainly the execution of orders related to e-shop support, dispatch of awards in loyalty programmes as well as distribution and warehousing of marketing materials. Workshops and consultations on optimal process management, construction and provision of product and material ordering and management IT solutions integrated with the clients' systems are ensured as part of the services. The logistic support for internet shops and the remaining clients provided by OEX E-Business comprises the reception of goods in the distribution centres, warehousing, order picking, purchase of cardboard and filling materials, fiscal registration, courier distribution and returns. The Company has integration with the most popular eCommerce systems and tools: Magento, PrestaShop, Shoper, Idosell, Allegro, Paczkomaty, DPD, FedEx, UPS.

The **purchase processing services** provided by OEX E-Business Sp. z o.o. are related to the optimisation at the business client's order of the costs of purchase of marketing materials, packagings, products for resale and products for loyalty programmes. The activities consist in the market analysis, provision of recommendations concerning the determination of selection criteria to be followed when purchasing products, purchase cost optimization as well as logistic and administrative support of the process. In case of orders executed on foreign markets, the services comprise the analysis of the supplier's potential, verification of the quality of raw materials (standard observance, quality standard certificates, including, but not limited to FDA, CE, EN 71), supervision over the performance of prototypes and ensuring the consistency of product batches.

OEX E-Business Sp. z o.o. manages an extended warehouse infrastructure with an area of 44.000 sq.m. and capacity of 71.500 pallet places - based on a warehouse management system. The operation quality consistency is ensured by ISO 9001:2008.

In the area of **eCommerce-dedicated technology**, Divante S.A. is the leading company and an expert in creating top-shelf eCommerce solutions and products for global B2B and B2C companies. The company's team of over 250 experts supports its partners in the development and implementation of breakthrough concepts based on leading edge technologies.

The main areas of activities of Divante S.A. include:

- creation of eCommerce systems based on such platforms as Magento, Shopware, and commercetools;
- implementation of product information management systems based on Pimcore / Akeneo solutions;
- provision of mobile phone traffic optimisation solutions using the Vue Storefront product;
- implementation of client loyalty programmes;
- design and implementation of the visual side of eCommerce;
- maintenance and optimisation of existing shops.

Also OEX24 Sp. z o.o., is active in the area of technology for the eCommerce. The company provides services related to intermediation in sales and commerce, product digitalisation, automation of eCommerce sales for the B2B and B2C markets, as well as delivers technology necessary to implement eCommerce projects in this scope. It supports enterprises in building their presence on the digital marketplace platforms (e.g. Allegro or Amazon), offering a comprehensive product sale strategy creation service. The company also acts as an intermediary in the sale of additional services, including, but not limited to, services related to warehousing and fulfilment provided by other OEX Group companies.

As of the first quarter of 2020, the segment also includes Voice Contact Center Sp. z o. o. (formerly within the BPO segment that no longer exists within the Group's structure).

Voice Contact Center Sp. z o.o. provides solutions in the customer experience area. It offers a comprehensive support for business processes related to client communication, from client acquisition, through support to cooperation development and maintenance as well as supports backoffice activities. It renders services that encompass the support of all channels of contacts with the client: phone calls, e-mail, chat, social media, texts, video, traditional mail. Talks with clients are also supported owing to the use of a proprietary conversation bot. The Company's main services are the following: management of comprehensive and multi-channel customer support offices, backoffice processes, CATI research and sales support. The customers for the company's services are, among others, companies from the following sectors: eCommerce, finance, insurance, commerce and distribution. The company carries out projects in the area of product and service helplines, help desks for system and app users, complaint handling with compensation logistics, sale support in eCommerce, backoffice in relation with, *inter alia*: work with product cards, complaint handling, support for financial departments. The company also provides services for medical companies such as: appointment scheduling and confirmation, remote diagnostics support. For insurance companies, Voice Contact Center Sp. z o.o. provides services related to claim registration and handling. The services are provided in modern operational centres in Warsaw, Łódz and Lublin, where there are over 900 professional contact centre work stations.

The services for eCommerce provided by companies from the eCommerce Services segment include comprehensive services for companies involved in online sales or those which have offline sales but plan to expand to the online sale in the B2B and B2C areas. The provision of such services may follow the end to end model. The services may also be rendered as individual components of the entire chain.

Revenues and results of operating segments

REVENUES AND RESULTS OF OPERATING SEGMENTS					
	Sale network management	Sale Support	eCommerce Services	Not allocated	Total
FOR THE PERIOD FROM 01/01 TO 31/12/2020					
Revenue from external customers	176400	138435	193935	1401	510171
Revenue from the sales between segments	19	646	1300	4511	6476
Total revenues	176419	139081	195235	5912	516647
Segment's operating result	17427	3861	8818	- 7,216	22890
EBITDA	29485	6628	21840	- 6,384	51569
Amortisation and depreciation	12058	2768	13022	831	28679
Financial income					780
Financial costs					10192
Disposal of a subsidiary					5108
Share in the profit (loss) of entities measured using the equity method (+/-)					- 152
Pre-tax profit					18434
Income tax					3865
Net profit on continued activities					14568
FOR THE PERIOD FROM 01/01 TO 31/12/2019 (restated)					
Revenue from external customers	190524	192287	196637		579448
Revenue from the sales between segments	37	1128	2820	5379	9364
Total revenues	190561	193415	199457	5379	588812
Segment's operating result	18034	- 3,514	622	- 4,843	10299
EBITDA	30784	- 592	12352	- 4,283	38261
Amortisation and depreciation	12750	2922	11730	560	27962
Financial income					795
Financial costs					11322
Disposal of a subsidiary					24565
Share in the profit (loss) of entities measured using the equity method (+/-)					- 134
Pre-tax profit					24203
Income tax					6605
Net profit on continued activities					17598

Below are presented the results of the OEX Group's operating segments for 2020 and 2019 before the impact of the IFRS 16 adoption, which concerns the rental contracts for offices and warehouses. The impact of IFRS 16 is understood as the difference caused in the financial statements by the application of the IFRS 16 standard in place of the previously applied IAS 17 (until the end of 2018), i.e. a change from a different classification of contracts of lease of such spaces as warehouses, shops or offices.

	Sale network management	Sale Support	eCommerce Services	Not allocated	Total
FOR THE PERIOD FROM 01/01 TO 31/12/2020					
Segment's operating result as per IFRS 17	16617	3788	7563	- 7,145	20823
EBITDA as per IAS 17	18979	6037	12847	- 6,589	31274

	Sale network management	Sale Support	eCommerce Services	Not allocated	Total
FOR THE PERIOD FROM 01/01 TO 31/12/2019 (restated)					
Segment's operating result as per IFRS 17	17243	- 3,581	- 679	- 4,855	8128
EBITDA as per IAS 17	19720	- 1,165	3328	- 4,603	17280

The data for 2019 comprise the data concerning the continued operations of the Group, with the exclusion of the impact of ArchiDoc S.A. ArchiDoc MED Sp. z .o. o., whose results are presented as assets held for sale.

The business and the results of Voice Contact Center, previously reported in the BPO segment, have been shown in the eCommerce Services segment as of the first quarter of 2020. In consequence of the change in segment classification, the Group restated the comparable data for 2019. The sale of shares in ArchiDoc S.A. resulted the derecognition of that company's revenues, operating profit and EBITDA and their recognition as assets held for sale. The results of the BPO segment remaining after this adjustment were added to the results of the eCommerce Services segment (in 2019 under the name of eBusiness). In consequence of the adjustments, the total of operating results of the companies from the eCommerce Services segment for 2019 is different from the total operating result of the segment.

Because of the heterogeneous character of business of particular companies from the eCommerce Services segment and differences in their results and dynamics, the results of all the segment companies are presented below separately. The results of individual companies were adjusted by consolidation adjustments resulting from the reconciliation of intercompany transactions with OEX S.A.

SEPARATE REVENUES AND RESULTS OF COMPANIES FROM THE E-COMMERCE SERVICES OPERATING SEGMENT					
	OEX E-Business	Divante	Voice Contact Center	OEX24	eCommerce Services segment
FOR THE PERIOD FROM 01/01 TO 31/12/2020					
Total revenues	100831	51829	37778	7932	195235
Revenue from external customers	97691	50987	37728	7501	193935
Operating profit (loss) as per IFRS 16	634	7422	2830	-1843	8818
EBITDA as per IFRS 16	8739	9727	5154	-1475	21840
Operating profit (loss) as per IAS 17	-346	7464	2513	-1843	7563
EBITDA as per IAS 17	2128	9281	3217	-1475	12847
FOR THE PERIOD FROM 01/01 TO 31/12/2019 (restated)					
Total revenues	113110	41743	24838	23280	199457
Revenue from external customers	110259	40234	24987	21346	196637
Operating profit (loss) as per IFRS 16	-5525	5668	1872	-724	622
EBITDA as per IFRS 16	2043	7691	3829	-538	12352
Operating profit (loss) as per IAS 17	-6542	5587	1669	-724	-679
EBITDA as per IAS 17	-4542	6863	2218	-538	3328

The financial results of the segments and of the companies were discussed in item 6.

5. Information on markets, with a breakdown into domestic and foreign markets, information about sources of materials for production, goods and services, with an indication of dependence on one or more supplier or client, and in case the share of one supplier or client reaches at least 10% of total sale revenue - name of supplier or client, his share in sale or supply as well as formal links with the issuer;

The main marketing outlets for the Group are in Poland, however the share of foreign sale is growing.

The only counterparty whose share in the Group's turnover in 2020 exceeds 10% is Orange Polska S.A. None of the Group's companies has any formal links with Orange Polska S.A.

6. Discussion of the basic economic and financial data disclosed in the annual consolidated financial statements;

a. Discussion of the main items of the Group's income statement

REVENUE

The Group's revenues in of 2020 amounted to kPLN 510,171 and were lower by 12% than the revenues generated in the corresponding period of the previous year. Each operating segment saw decreased revenues but not each company in the Group. The reasons underlying the decrease varied between segments and particular companies that make them

up. To a large extent, they result from the restructuring activities carried out in selected companies as described mainly in the annual financial statement for 2019.

The impact of iPOS S.A.'s revenues on the Group's revenues in 2020 was insignificant and amounted to kPLN 1,401. The company was taken over and included in the scope of consolidation in September 2020. The company was not assigned to any of the three operating segments and its results were disclosed in item 'not allocated' in the segment note, together with the result of OEX S.A. The YTD revenues of iPOS S.A. for 2020 amounted to kPLN 3,485.

In 2020, the **Retail Sale Network Management** segment generated revenues from external clients at the level of kPLN 176,400, which is a fall by 7.4% when compared to 2019. The main reason underlying the fall was the shutdown of stores in commercial centres and a considerable reduction in sales in stores that remained open in the first two quarters of 2020. In the fourth quarter of 2020, the segment's revenues amounted to kPLN 51,215 and were lower by 4.1% than the ones generated in the fourth quarter of 2019. The segment's revenues in 2020 constituted 34.7% of the Group's total revenues, while in the previous year - 32.9%.

The revenues of the **Sale Support** segment from external clients in 2020 amounted to kPLN 138,435 and were lower by 28% than in the previous year. In the fourth quarter of 2020, the segment's revenues amounted to kPLN 39,510 and were 19.1% lower than the ones generated in the fourth quarter of 2019. The plunge in the segment's revenues results situation of OEX Cursor S.A., which underwent a deep restructuring process in the second half of last year, as described in the statements for 2019. The restructuring resulted in a considerable downsizing of the scale of business and, at the same time, a considerable improvement in efficiency. Irrespective of the foregoing, the company strongly suffered in 2020 from the fall in orders in relation with the COVID-19 epidemic outburst. Despite the epidemic, Merservice Sp. z o.o. generated 13.7% higher revenues in 2020 than in 2019 mainly due to the expanded cooperation with one of the key clients but also due to a higher number of orders from the main client.

The segment's revenues in 2020 constituted 27.2% of the Group's total revenues, while in the corresponding period of the previous year - 33.2%.

In 2020, the **eCommerce services** segment (previous name 'E-commerce' – information about the change in the segment's name is provided in item 4 of these statements) generated revenues from external clients in the amount of kPLN 193,935. They were lower by 1.4% than the revenues generated by the segment in the previous year. In the fourth quarter of 2020, the segment's revenues amounted to kPLN 57,885 and were 21.5% higher than the ones generated in the fourth quarter of 2019. The fourth quarter of 2020 was also a period when the segment generated revenues higher by 27.6% than the average from the previous three quarters of 2020.

The changes in the level of revenues had a significantly varied impact on particular companies from the segment. There were significantly higher revenues in Divante S.A. and Voice Contact Center Sp. z o.o. In 2020, they saw a growth in their revenues by, respectively, 24.2% and 52.1% when compared to 2019. In relation with the epidemic, both companies have implemented an effective remote working system, which they continue to operate until now. In consequence, they are able to maintain operational business continuity. Cooperation was terminated or reduced on case of only a few clients, mainly representing sectors of economy that suffered most from the pandemic effects and restrictions imposed. On the other hand, the situation forced both the retail clients to change their purchasing preferences, which resulted in a significant boost in the eCommerce, and the enterprises from many sectors of economy to make necessary investments and changes in their business processes, which ensured indirect benefits for both Divante and Voice Contact Center as majority of their existing customers are such enterprises.

The decreased revenues in 2020 were noted by the remaining two companies from this segment - OEX E-Business Sp. z o.o. and OEX24 Sp. z o.o.

In case of OEX E-Business, the decline by 10.9% was caused by the continued limitation of activities in the complementary business lines, mainly the eDelivery line and the retail business. At the same time, it saw a rise in the revenues from its leading line - logistic services. In the fourth quarter of 2020, the Company saw a rise in the revenues by 22.1% when compared to the corresponding period of the previous year.

The company's main business line - logistics - noted a 38.5% rise in its revenues when compared to 2019. The revenues of the line in 2020 amounted to kPLN 85 681, i.e. 85% of the company's total revenues. The highest increase in the line resulted from the development of cooperation with a client from Singapore obtained in the fourth quarter of 2019, for whom the company provides dispatch services to clients from 37 countries, mainly in Europe.

The total number of packages sent in 2020 from the company's warehouses rose by 45%, and the share of logistics for eCommerce in the revenues of the logistics business line went up from 44.6% in the previous year to 65.6%. As for the remaining part, i.e. the logistics of marketing materials (POSM), the company saw an approx. 10% fall in orders completed, which resulted mainly from the COVID-19 pandemic.

Throughout 2020, the company's warehouses were filled in approx. 95% - 98%, which means that the company did not have to cover the costs of unused space.

In 2020, OEX24 Sp. z o.o. saw a fall in revenues by 65.9% when compared to 2019. The company's revenues constituted 4.1% of the segment's total revenues in 2020. The fluctuations in revenues generated by OEX 24 Sp. z o.o. from a modification of the business model that is still in the making. The company provides services related to intermediation in sales and commerce, product digitalisation, automation of eCommerce sales for the B2B and B2C markets, as well as delivers technology necessary to implement eCommerce projects in this scope. It supports enterprises in building their presence on the digital marketplace platforms (e.g. Allegro or Amazon), offering a comprehensive product sale strategy creation service. The company also acts as an intermediary in the sale of additional services, including, but not limited to, services related to warehousing and fulfilment provided by other OEX Group companies.

The eCommerce Services segment's revenues in 2020 constituted 38.1% of the Group's total revenues, while in the 2019 year - 33.8%.

EBITDA

The Group's operating profit plus depreciation (EBITDA) reported in 2020 amounted to kPLN 51,569 and was higher by 34.8% than in the previous year. After exclusion of the impact of IFRS 16 with regard to the space lease contracts, EBITDA for 2020 amounted to kPLN 31,274, and was higher by 81% than in 2019. EBITDA went up in the Group's all operating segments. Of significant impact on the considerable EBITDA dynamics were the non-recurring factors of 2019, i.e. significant write-downs and non-recurring costs of OEX Cursor and OEX E-Business, which had a total burden on the 2019 results of kPLN 12,895.

In the fourth quarter of 2020, the Group had EBITDA at the level of kPLN 12,387. After exclusion of the impact of IFRS 16 with regard to the space lease contracts, the Group's EBITDA in the fourth quarter of 2020 amounted to kPLN 7,948. Those are results lower than in the second and third quarter, however it was influenced by the method of full consolidation of iPOS S.A., which in that period generated a loss in EBITDA in the amount of kPLN -1,161. The company was not assigned to any of the three operating segments and its results were disclosed in item 'not allocated' in the Segment note, together with the result of OEX S.A. The EBITDA of iPOS S.A. for the whole 2020 amounted to kPLN -2,432.

Further analysis of EBITDA (below), as broken down into operating segments, refers exclusively to the values after the exclusion of the impact of IFRS 16 with regard to the space lease contracts. The impact of IFRS 16 is understood as the difference caused in the financial statements by the application of the IFRS 16 standard in place of the previously applied IAS 17 (until the end of 2018), i.e. a change from a different classification of contracts of lease of such spaces as warehouses, shops or offices.

EBITDA of the **Retail Sale Network Management** segment in 2020 amounted to kPLN 18,979, which is a fall by 3.8% when compared to 2019. After the considerable slump in the results in the first quarter of 2020 caused by the epidemic situation, the segment's companies managed to recover partially in the second quarter 2020, owing to the satisfactory revenues in May and June as well as the cost reduction, including the reduction in the rental costs for stores located outside the shopping malls, also thanks to the public aid under the 'Shield 1.0' government programme. That aid programme took a form of subsidies to the remuneration for April, May and June from the funds of the Guaranteed

Employee Benefits Fund as well as the exemption from the obligation to pay the mandatory social, accident, sickness and health insurance contributions. Additionally, the segment's companies took advantage of the possibility to liquidate their liabilities under rental contracts during the ban on operations of commercial centres, which, in turn, translated into the lack of necessity to incur costs foreseen in the rental contracts during the lockdown. The impact of the public aid on the segment's results and, at the same time, the results of the Group in 2020 amounted to kPLN 3,347. In the third and the fourth quarter of 2020, the segment's companies did not receive any public aid. The highest quarterly result in 2020 was achieved by the segment in the third quarter and amounted to kPLN 5,985. In the fourth quarter of 2020, the segment noted kPLN 5,107 as EBITDA, which was a result worse by 17% when compared to the fourth quarter of 2019. In the fourth quarter of 2020m the stores of the segment's companies remained open. The temporary shutdown order concerning many stores in commercial centres, which was issued in relation with the epidemic situation, did not concern that type of outlets.

The segment's EBITDA constitutes 50.1% of the total EBITDA of all the three operating segments of the Group, while in the previous year - 90.1%.

EBITDA of the **Sale Support** segment in 2020 amounted to kPLN 6,037, while it amounted to kPLN -1,165 in 2019. In the fourth quarter of 2020 alone, the segment's EBITDA was at the level of kPLN 1,293, which is a result slightly lower than in the three previous quarters of 2020. The 2020 results should be deemed good, considering the fact that there was a significant restriction of the scale of business in key areas due to the pandemic. On the one hand it resulted from the discontinuation of activities by clients in the Area of product promotion services (in consequence of cancelled fairs or events - the business the organisation of which the companies from this segment are involved in), and on the other hand - from the restrictions introduced by a part of retail outlets in relation with the recommendations of the Minister of Health and other competent bodies concerning the precautions to be followed by commercial outlets. This translated into a significant restrictions concerning the operation of sales reps employed by the segment companies who serviced the stores.

When comparing the 2020 results to the results of the previous year, it should be stressed that 2019 was difficult for the segment because of the results of OEX Cursor S.A. The company incurred significant non-recurring costs of business reorganisation, downsizing the scale of its business and making considerable impairment charges. Merservice achieved positive results both in 2020 and 2019. Additionally, its EBITDA saw a 30% rise when compared to the previous year's figure.

After elimination of the impact of non-recurring items on the 2019 results, it may be deemed that in 2020 the segment had EBITDA comparable to that of 2019. The segment's EBITDA of 2020 constituted 15.9% of the total EBITDA of all the three operating segments of the Group.

EBITDA of the **eCommerce Services** segment in 2020 amounted to kPLN 12,847 and was approx. four times higher than the one achieved by the segment in 2019.

In the fourth quarter of 2020 alone, the segment's EBITDA amounted to kPLN 3,997 and that was a level similar to the level of the third quarter of 2020, whereby the result of the fourth quarter was burdened with the impairment charges in the total amount of kPLN 1,582 made by OEX E-Business.

Of prevailing impact on the segment's EBITDA in 2020 were the results generated by Divante and Voice Contact Center. The growths in EBITDA in those companies in 2020 were, respectively, 37.3% and 45% when compared to 2019. Both companies are to a large extent beneficiaries of the considerable acceleration of economic transformation towards digital commerce in result of the COVID-19 pandemic, among other things.

OEX E-Business - the segment's largest company in terms of the revenues - significantly improved its performance when compared to the previous year, however it should be mentioned that in 2019, and in particular in the fourth quarter of that year, the company's results were impacted by the plunge in the sales in two business lines and by considerable non-recurring costs in the amount of kPLN 5,761. In the fourth quarter of 2020, the company made impairment charges concerning the assets (activate originally preliminary project costs) due to the margins in certain projects that were lower than planned. Their value was kPLN 1,582. The result generated also was influenced by the

subsidy to employee remuneration received in the second quarter, the purpose of which was to protect employment level. The subsidy was in the amount of kPLN 741 .

Due to the considerable decrease in revenues and, at the same time, still incurred costs of development and fixed costs, OEX24 Sp. z o.o. generated a negative EBITDA in the amount of kPLN -1,475, which had a negative impact on the segment's total EBITDA.

The eCommerce Services segment's EBITDA of 2020 constituted 33.9% of the total EBITDA of all the three operating segments of the Group.

Item 4 herein, under a note presenting the results of operating segments, also includes an additional table in which the separate results of the segment's companies are shown.

REMAINING ITEMS OF THE GROUP'S STATEMENT OF PROFIT OR LOSS

The **financial costs** of 2020 amounted to kPLN 10,192 and were lower by 10% than the financial costs incurred in 2019. Over 70% of financial costs of 2020 resulted from the adoption of IFRS 16 in the part concerning the space lease contracts,, in which kPLN 3,856 were interest costs calculated on the value of liabilities and kPLN 2,935 were exchange differences resulting from the valuation of liabilities in foreign currencies. It was in that item that the Group noted in 2020 a significant rise due to the unfavourable EUR exchange rate.

The financial costs resulting from the use of banking finance went down significantly in 2020 and amounted to kPLN 2,020, while they amounted to kPLN 4,861 in 2019. The main reason underlying the significant decline in these costs was the considerably lower indebtedness of the Group, which resulted from the repayment in the fourth quarter of 2019 of the investment loan taken out in December 2017 to purchase shares in ArchiDoc S.A., repayment as per the schedule of the remaining investment loans and leases as well as a lower utilisation level of revolving instruments.

The **pre-tax profit** reported in 2020 amounted to kPLN 18,434 and was lower than in the previous year (i.e. kPLN 24,203). Apart from the above-mentioned reasons, of significant impact on the 2019 performance was the profit on the sale of shares in subsidiary ArchiDoc S.A., which amounted to kPLN 24,565 . In 2020, there also was a profit on the sale of shares in subsidiary ArchiDoc S.A., in the amount of kPLN 5,108 . The profit was recognised in result of a recalculation of the value of expected additional payments to the share selling price ((earn-out), made on the basis of information about the financial performance of ArchiDoc S.A. in 2020. The total value of the profit resulting from the earn out on the sale of shares in ArchiDoc S.A. recognised in the Group's results in 2019 and 2020 amount to kPLN 12,440 . The inflows on this account in 2021 should amount to kPLN 8,932 and in 2022 to kPLN 3,509 .

After exclusion of the impact of IFRS 16 with regard to the space lease contracts, the pre-tax profit of 2020 would amount to kPLN 23,303, while it amounted to kPLN 26,479 in 2019.

The **net profit on assets held for sale**, representing the consolidated net profits of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o., had a significant positive impact on the Group's net profit in the three quarters of 2019 but was not present in 2020 in relation with the sale of shares in Archidoc S.A. and in ArchiDoc MED Sp. z o.o. effected on 17/10/2019. That profit reported in 2019 amounted to kPLN 4,369 .

The **net profit attributable to the shareholders of the parent company (OEX S.A.)** in 2020 amounted to kPLN 11,866, while it amounted to kPLN 20,200 in the previous year.

Income Statement of the Group

Below is presented a comparison of the consolidated statement of profit or loss statement with a specification of the impact of IFRS 16 on the statements for 2020. The impact of IFRS 16 is understood as the difference caused in the financial statements by the application of the IFRS 16 standard in place of the previously applied IAS 17 (until the end of 2018), i.e. a change from a different classification of contracts of lease of such spaces as warehouses, shops or offices.

	01/01-31/12/2020	01/01-31/12/2020	01/01-31/12/2020	01/01-31/12/2019
	As per IFRS 16	As per IAS 17	Impact of IFRS 16	As per IAS 17
Revenue from the sale	510171	513484	- 3,313	580052
Operating expense	489410	493768	- 4,358	567962
Other operating revenue	7363	6237	1126	5065
Other operating expenses	5234	5130	104	9027
Operating profit	22890	20823	2067	8127
EBITDA	51569	31274	20295	17280
Financial income	780	397	383	375
Financial costs	10192	2872	7320	6455
Profit on the sale of shares and participations	5108	5108		24565
Share in the profit (loss) of entities measured using the equity method (+/-)	- 152	- 152		-134
Pre-tax profit	18434	23303	- 4,870	26478
Income tax	3865	4740	- 875	6981
Net profit on continued activities	14568	18563	- 3,994	19497
Discontinued operations and assets held for sale				
Net profit on assets held for sale				4570
Net profit - share of	14568	18563	-3994	24067
- the parent company shareholders	11866	15897	-4031	22318
- non-controlling shares	2702	2666	36	1749

Basic profitability ratios

	01/01-31/12/2020 As per IFRS 16	01/01-31/12/2020 As per IAS 17	01/01-31/12/2019 As per IAS 17
EBITDA rate	10.1%	6.1%	3.0%
Rate of the operating profit	4.5%	4.1%	1.4%
Pre-tax profit margin	3.6%	4.5%	4.6%

b. Overview of the main items of the cash flow statement of the Group

It should be noted that in case of the cash flow statement for 2019, the data include values attributable to ArchiDoc S.A. and ArchiDoc MED Sp. z o.o., which were part of the Group until 17 October 2019. Unlike the profit and loss account and the balance sheet, the cash flow statement does not foresee a separate presentation of the assets held for sale.

The flows from operating activities in 2020 reached a value of kPLN 69,629 and were similar as the flows of 2019, however their structure was different. There was a higher influence than in the previous year of the profit on operating activities increased by depreciation and amortisation, which constituted over 69.5%, while it was 56.7% in the previous year. As regards the impact of changes in the working capital on the level of operating flows, in turn, it was lower in 2020 than the year before. Their share was 30.5% versus 43.3% in 2019. The change in the relation as regards the above-mentioned items also results from the high share of non-cash items, which impacted the results of 2019, decreasing at the same time the value of particular assets constituting the working capital. It should be stressed that the changes in the working capital had a positive impact on the flows from operating activities.

Of significant influence on the cash flow statement was also the IFRS 16 standard in its part concerning the space lease contracts. After the exclusion of the above-mentioned impact, the flows from operating activities in 2020 amounted year on a to kPLN 51,327 while they amounted to kPLN 47,293 in 2019.

The y/y change in the flows from investing activities is significant due to the sale of 100% shares in ArchiDoc S.A. effected in 2019, in result of which the total flows from those activities closed at kPLN 51,167. In 2020, the flows from investing activities were negative and amounted to kPLN – 8,576.

The flows from financial activities were negative and amounted to kPLN– 64,396 . They mainly result from a significant decrease in the balance of credits, repayment of the liabilities under the right-of-use assets as per IFRS 16, in particular in the part related to the lease of space dividends paid by the Group.

The total net flows in 2021 were slightly negatively and amounted to kPLN -3,343, while in the previous year there was a positive balance of kPLN 29,149 . The cash position at the end of 2020 amounts to kPLN 52,386 while it amounted to kPLN 55,729 at the end of 2019.

	Note	01/01-31/12/2020	01/01- 31/12/2019*
CASH FLOW FROM OPERATING ACTIVITY			
Pre-tax profit		18434	29369
Adjustments			
Depreciation and amortisation of fixed assets	22	28679	32062
Profit on the sale of shares	19	- 5,108	- 26,202
Profit (loss) on the sale of non-financial fixed assets		- 465	273
Exchange difference (profit) losses		3531	776
Interest expense		6058	9437
Interest income		- 542	- 496
Other adjustments		1662	90
Change in inventories	22	- 2,885	4690
Change in receivables	22	- 453	27229
Change in liabilities	22	25425	1861
Change in provisions	22	799	755
Adjustments made to reconcile the total profit (loss)		56701	50475
		75135	79844
Taxes paid		- 5,506	- 8,953
Net cash flows provided by operating activities		69629	70891
CASH FLOW FROM INVESTING ACTIVITY			
Expenses to purchase fixed assets		- 9,862	- 8,731
Inflows from the sale of fixed assets		299	438
Expenses related to the sale of subsidiaries		- 549	
Net expenses to purchase subsidiaries less cash of such subsidiaries		- 4,901	
Inflows from the sale of shares less cash of such subsidiaries		7479	59648
Received repayments of loans granted		116	245
Loans granted		- 1,789	- 406
Expenses to purchase other financial assets			- 500
Interest income		631	473
Net cash flows provided / (used) by investing activities		- 8,576	51167
CASH FLOW FROM FINANCIAL ACTIVITY			
Inflows from the issue of shares		21	
Purchase of treasury shares			- 8,000
Inflows from loans and credits contracted		19320	6960
Repayment of loans and advances		- 30,171	- 55,261
Other inflows (outflows) of cash	22	- 5,035	- 2,124
Payments under the right of use assets		- 22,224	- 24,054
Interest paid		- 6,082	- 9,451
Dividends paid to non-controlling interests		- 20,225	- 979
Net flows provided / (used) by financing activities		- 64,396	- 92,909
Net cash flows before the exchange difference changes		- 3,343	29149
Change in cash and cash equivalents due to exchange differences			
Total net cash flows		- 3,343	29149
Cash and cash equivalents at period beginning		55729	26580
Cash and cash equivalents at period end		52386	55729

* the data presented for the period 01/01-31/12/2019 do not include a presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

7. Characteristics of the structure of assets and equity&liabilities of the consolidated balance sheet, including from the point of view of the issuer's capital group liquidity;

The total of the Group's consolidated balance sheet as at 31 December 2020 amounted to kPLN 396,861 and was higher by 3.3% than the previous year's total. As regards the assets, the share of fixed assets and current assets was, respectively, 52.5% and 47.5% (in 2019: 53.2% and 46.8%). The structure of assets did not see any significant changes.

The fixed asset saw a y/y growth by 1.8%. Their largest item is the goodwill equal to kPLN 81,482, which constitutes 39.1% of fixed assets, similarly as in the previous year. The rise in goodwill results from the subscription of shares in iPOS. It should also be noted that the rise in item *intangible assets* is related to the take-over of a network of 27 stores by Europhone. The second item of fixed assets in terms of value are assets arising in relation with the application of the IFRS 16 standard in the part concerning the rental contracts only, in the amount of kPLN 70,797, which constitutes 24% of the Group's fixed assets. As at 31 December 2020, the above-mentioned items constitute a total of 73% of fixed assets and over 38% of total assets of the Group in the balance sheet.

The share of current assets in total assets rose slightly to 47.5% in 2020 from 46.8% in 2019. In terms of value, the current assets went up by 5% on a year to year basis. The largest item in current assets are trade receivables and other receivables (including prepayments) - over 64%. It is also the Group's largest asset item in terms of value (kPLN 122,094), constituting over 30% of their total value. The y/y rise in the level of receivables was 5.4%.

The inventories constitute 5% of total current assets and saw a y/y rise by almost 138% due to the consolidation of iPOS S.A.

The cash position at the end of 2020 amounted to kPLN 52,386 and was slightly lower than at the end of 2019. However, in 2020, the Group paid a dividend to the shareholders of OEX S.A. in the amount of kPLN 17,560, made an investment in iPOS S.A. in the value of kPLN 6,000 and decreased its bank debt by kPLN 15,838.

The cash as at 31 December 2020 constituted 27.8% of the current assets. The current assets are higher by 23.1% than the short-term liabilities. In the assessment of the Group's Management Board, the company has a very good situation in terms of financial liquidity.

In the current assets in 2020, there is also a value of kPLN 3,847 resulting from the IFRS 16 application to the sub-rental contracts.

The total value of assets recognised in the Group's assets in accordance with the IFRS 16 standard and concerning the rental contracts as at 31 December 2020 amounts to kPLN 74,644, i.e. approximately 19% of total assets.

With regard to the equity and liabilities, the proportion between the shareholder's equity and the liabilities as at 31/12/2020 was, respectively, 39.1% and 60.9% (31.12.2019: 41.5% and 58.5%). The value of the shareholder's equity was kPLN 155,135, which is a level similar to the one of the last year.

The total value of the Group's liabilities rose on a y/y basis by 6% and amounted to kPLN 241,726 as at 31/12/2020, whereby the changes in particular items of liabilities were of a different character. The largest liability item are the trade liabilities and other liabilities and other liabilities, in the total of kPLN 102,417, which accounts for over 42% of total liabilities and 25.8% of the Group's total equity and liabilities. The liabilities rose y/y by 33%, due to, among other things, the rise in Merservice, which resulted from an expanded scale of business and the consolidation of iPOS S.A.

The Group decreased its debt to banks and factoring firms by over 34%. It amounted to the total of kPLN 29,971 as at 31/12/2020, which constitutes 12.4% of the Group's total liabilities and 7.6% of the balance sheet total. Excluding the impact of the liabilities occurring in result of the application of IFRS 16 with regard to the space lease contracts on the Group's balance sheet, the bank debts constitute 18.7% of the Group's total liabilities and 9.3% of the balance sheet total. In result of the execution of new credit contracts to replace the previous ones, the Group made a new allocation of the debt between the short-term loans and long-term loans, in consequence of which the longer-term loans constitute a bigger portion than in the previous year.

The liabilities recognised in accordance with the application of IFRS 16 concerning the space lease contracts constitute a total of kPLN 81,675, which is almost 34% of the Group's total liabilities and 21% of the balance sheet total.

Balance sheet of the Group

	Note	31 December 2020	31/12/2019
ASSETS			
FIXED ASSETS			
Goodwill	3	81482	80019
Intangible fixed assets	4	20537	16280
Tangible fixed assets	5	9630	9293
Right-of-use assets	6	72725	78934
Investments settled using the equity method	2	247	400
Other long-term financial assets	7.2	2513	661
Long-term receivables from the right of use assets	10	7190	5008
Other long-term receivables	10	3725	6914
Deferred income tax assets	8	10180	7093
Fixed assets		208229	204602
CURRENT ASSETS			
Inventories	9	9364	3939
Trade Receivables and Other Receivables	10	122094	115841
Current income tax assets	10	640	1542
Other short-term financial assets	7.2	301	133
Short-term receivables from the right of use assets	10	3847	2447
Cash and cash equivalents	11	52386	55729
		188632	179631
Fixed assets or groups of assets for trading classified as held for sale	12		
Current assets		188632	179631
Total assets		396861	384233
TOTAL EQUITY & LIABILITIES	Note		
Shareholders' equity			
Shareholders' equity - share of the Parent Company shareholders:			
Share capital	13	1598	1598
Share premium	13	63232	63004
Treasury shares (-)	13	- 8,072	- 8,072
Retained profits	13	90697	96619
Shareholders' equity - share of the Parent Company shareholders		147455	153149
Non-controlling interests	13	7680	3263
Shareholders' equity		155135	156412
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term credits and loans	7.3	10575	6958
Long-term liabilities from the right of use assets	7.1	64624	64755
Deferred income tax liabilities	8	12884	11517
Provisions for employee benefits	14	161	111

Other long-term provisions	15		
Long-term provisions		161	111
Other long-term liabilities			28
Long-term liabilities		88244	83369
SHORT-TERM LIABILITIES			
Trade liabilities and other liabilities	16	102417	77059
Short-term credits and loans	7.3	15262	29682
Other short-term financial liabilities	16	5290	9198
Short-term liabilities from the right of use assets	7.1,16	25088	23311
Current tax liabilities		2159	2273
Provisions for employee benefits	14	3214	2877
Other short-term provisions	15	52	52
Short-term provisions		3266	2929
		153482	144452
Short term liabilities included in the groups held for sale	12		
Short-term liabilities		153482	144452
Total provisions		241726	227821
Total equity and liabilities		396861	384233

8. More important events with a considerable influence on the activities and financial performance of the issuer's group in the financial year or which may have an influence in the subsequent years to come;

On 17 October 2019, OEX S.A. signed with Offsite Archive Storage & Integrated Services Ltd. with registered office in Dublin, an agreement on the sale of 4,250,000 shares in ArchiDoc S.A. with registered office in Chorzów, constituting 100% of its share capital. The transaction details were published in item 8 in the Report on the activities of the OEX Group in 2019, published on 29 April 2020.

In 2020, the Issuer reassessed the value of expected additional payment to the selling price of shares in ArchiDoc S.A. that depended on the financial performance of ArchiDoc S.A. (earn-out). After reanalysis, the Issuer estimated the additional payment to amount to kPLN 5,272. The total estimated price of such additional payments amounts as at the balance sheet day amounted to kPLN 13,522. Additionally, in 2020, the Group had additional profit from the additional payment to the selling price for shares in ArchiDoc S.A. in the amount of kPLN 280 in result of the recalculation of profitability of one of ArchiDoc S.A.'s projects, as foreseen in the share sale agreement.

Below is presented a calculation of the result on the disposal of shares in ArchiDoc S.A. recognised directly in the consolidated statement of profit or loss of 2020:

DISPOSAL OF A SUBSIDIARY	
Results of 2020	
Estimated additional payments to the price under the earn-out	5272
Settlement of the additional payments to the price under the project profitability recalculation	280
Costs related to the share sale, including:	444
Estimated costs of selling depending on the value of additional payment to the price	422
Costs incurred in relation with the project profitability recalculation	22
Result on the sale of shares	5108

9. Assessment of the factors and non-typical events influencing the result of the financial year, specifying the degree of influence of such factors or non-typical events on the result achieved;

The declaration in Poland in mid-March 2020 of a state of risk of an epidemic and, consequently, a state of epidemic related to the spread of the SARS-CoV-2 coronavirus causing the COVID-19 disease, and the ensuing preventive administrative restrictions in the economic and social area undertaken to contain the coronavirus spread, had a negative impact on the Group's results in 2020, and mainly the first two quarters. Of particularly significance for the Group's results was the decrease in results of the Retail Sale Network Management segment in the first quarter of 2020. This is the segment which has had the highest share in the Group's results so far. In case of the companies from this segment, despite the performance of results in the first two months of 2020 as planned, the shutdown of shops in commercial centres and, partially, in other locations in mid-March 2020 (in total, approx. 30% of the sale network) caused a drastic deterioration in results due to a considerable direct limitation of a part of the sales as such and no pursuit of the separately-remunerated quarterly objectives, the cost base remaining practically unchanged. The reopening of shops in May allowed a rebuilding of the revenues, especially that the shops remained open in the second half of the year. As for the remaining segments, the epidemiological situation resulted in a reduction by certain clients of the scale of cooperation (especially significant in the Sale Support segment) and in an introduction of forced changes to work organisation. This necessitated additional costs to be incurred by the Group companies.

Some companies of the Group took advantage of public assistance under the 'Shield 1.0' programme. The total value of funds obtained was kPLN 3,531 and had a form of additional financing to cover the employees' remuneration in order to maintain the employment level. The main part of the above-mentioned amount was received by the Retail Sale Network Management segment companies.

10. Characteristics of external and internal factors significant for the development of the issuer's business and description of the issuer's activity development perspective at least until the end of the financial year following the financial year for which the financial statements were made, including elements of the issuer's market strategy;

The main external factors that are significant for the development of the Group concern the situation on the sector-specific market, where the subsidiaries operate, with particular attention put to the FMCG segment, eCommerce, mobile telephony as well as commerce. They shall comprise, in particular:

- a) development of the epidemic situation related to the Covid-19 outbreak, as an unforeseeable factor with a potentially significant negative impact on the activity of the Group's companies and their clients. The description of the possible impact of the COVID-19 outbreak on the Group companies, including the activities undertaken by the companies to minimise its negative effects, was given in Note 11;
- b) uninterrupted performance of the existing contracts as well as acquisition of new contracts in accordance with the internal plans at satisfactory conditions;
- c) performance of agreements with the mobile phone operators, taking into account:
 - seasonality;
 - promotional actions planned by the mobile phone operators;
 - performance level of sale plans imposed on the Group companies by operators;
- d) achievement of business and financial objectives by the companies in the initial investment stage. In accordance with its strategy, the Issuer mainly invests in enterprises related to the eCommerce services sector. It concerns both start-up projects as well as existing. In 2020, such projects included OEX24 Sp. z o.o., 4Shops Sp. z o.o., OEX B2B Sp. z o.o., VSF Sp. o.o. (start-ups) as well as iPOS S.A., in which OEX acquired 51% of shares for the price of approx. kPLN 6,000 . Those projects do not generate any positive results or flows yet and this situation may

continue to remain so in the next year. At the same time, at least some of the above-mentioned entities will require further funds.

Among external factors that are important for the Group's development, the following can also be mentioned:

- e) general macroeconomic situation of Poland;
- f) situation on the labour market;

Among the internal factors, of key significance will be the following:

- a) monitoring of the pursuit of objectives and the profitability of contracts realised, including cost control
- b) potential equity transactions - acquisitions or potential sales of subsidiaries. The Issuer does not rule out any equity transactions concerning mature subsidiaries. Such transactions may mean both an acquisition of external investors as well as the sale of selected companies. An example of such an analysis is the Issuer's decision to review the strategic options with regard to its subsidiary Divante S.A., as publicly announced in the report No. 8/2021 dated 10 February 2021.
- c) Continuation of reinforcement of the internal control systems on the basis of a newly established internal audit unit;

11. Description of risk and threat factors, with a specification to what extent the Issuer's Group is exposed to them;

[The risk of termination or lack of renewal of contracts by the mobile phone operators](#)

The business of the Sale Network Management Segment companies: TELL Sp. z o.o., EuroPhone z o.o. and PTI Sp. z o.o. focuses on the distribution of the mobile phone service in Poland. Acting on the basis of agency agreements, the Companies cooperate with the three largest operators on the Polish market, i.e. Orange Polska S.A., Polkomtel S.A. and T-Mobile Polska S.A. Any termination or lack of renewal of any of these agreements by the operator may significantly constitute a threat to the going concern of the above-mentioned companies of the OEX Group. The OEX Group has cooperated with the mobile network operators for years and the cooperation has been smooth so far. For that reason, in the opinion of the Issuer's Management Board, the risk that the agreements with operators are terminated or not renewed is insignificant.

[Risk of a change in the sale strategy by mobile phone operators](#)

The sale of mobile phone services takes place via a few sale channels, the main one being: traditional commercial outlets (including showrooms and stands in shopping malls), sale representatives, call centres and the Internet. Considering the development of modern sale channels, it is possible that the clients will become less interested in the direct service in traditional sales outlets. This tendency may be additionally supported by a better offer addressed by operators to clients using channels other than the traditional one. Any possible change in the sale structure of the mobile phone operators related to the distribution channels and the restriction of the role of traditional outlets may influence a decrease in the revenue from the sales of the OEX Group companies which operate in the Retail Outlet Network Management segment. The development of new segments of business, both by acquisitions and by creation of own innovative solutions, especially in the eCommerce Services area, reduces the said risk.

[The risk of a slowdown on the sale support market and the eCommerce market](#)

In the assessment of the Issuer's Management Board, the Polish and the European sale support market and eCommerce market are characterised by a considerable growth potential. The development of those markets is one of the main premises of the pursuit of the development strategy by the OEX Group and the future growth of its value. Any market development that is slower than the one expected by the Company's Management Board may result in the fact that the growth strategy pursuit may prove impossible or delayed in time. At the same time, any occurrence of factors that may hamper the market development growth may translate into a negative impact on the future financial performance in those areas.

Risk related to negative tendencies at the retail and wholesale markets

A considerable part of contracts in the Sale Support segment is performed for the benefit of retail and wholesale trade segment clients, particularly for the FMCG companies, therefore the perspectives of the Sale Support segment are tightly intertwined with the tendencies shaping that market.

One of such tendencies is the decreasing trade margin at our clients'. The profitability of contracts performed by the OEX Group as part of the Sale Support segment is directly related to the margin level, therefore a long-term maintenance of the downward trend in this regard may adversely impact the results generated in those services.

A threat to the Sale Support segment may also stem from the tendency among the FMCG producers to reduce their budgets for promotions in the form of product tasting and sampling, event organisation, animation etc. The organisation of such activities is a significant part of revenues generated by the Sale Support segment.

Recently, there is a tendency observed among the large stores to take over the responsibility for the process of merchandising activity organisation either by the take-over of responsibilities related to the correct product exposure or by indicating entities that will be entitled to provide merchandising services within their area. Consequently, the possibility of a free provision of merchandising services for the FMCG producers may be limited in a part of stores.

The intensification of the above-mentioned trends or the appearance of new currently unidentified unfavourable trends on the retail and wholesale markets may have adverse impact on the future financial performance.

The OEX Group companies, ensuring a regular cooperation with the clients and searching for new service types, aspire to minimise the potential loss of a part of the contemporary sources of income from the Sale Support segment. This purpose is supported by the expansion of the client portfolio as well as the provision of an ever wider and more comprehensive package of services as well as direct cooperation with commercial networks on various sales-related processes. Also other activities are undertaken, e.g. in cooperation with selected clients other models of the store service are being developed as an alternative to the traditional channel model.

Risk related to the price pressure from a part of clients

The OEX Group is exposed to the clients' price pressure both during the client acquisition process and as part of the renegotiation of the existing contracts. The price pressure is, on the one hand, the result of competition, and, on the other hand, the expression of tighter operating cost control on the side of the clients. Among the Group's key clients, there are international concerns, whose scale of business considerably exceeds the scale of business of the OEX Group. The significance of such clients and their share in the structure of the Group's revenue from the sale is considerably higher than the significance of the OEX Group companies and their share in the structure of deliveries of such clients. This means that the OEX Group is exposed to the risk related to unequal negotiating position in relation with some of its clients. The higher price pressure is noted in case of least complex services, which results from the lowest entry barriers in such areas.

Any further rise in the price pressure in case of certain services may lower the profitability of the current and future contracts concerning particular services. Additionally, there is a risk that the price pressure may infect the complex projects, which will force the OEX Group companies to offer the clients much more attractive terms and conditions of long-term cooperation.

The OEX Group companies try to reduce the price pressure from their clients mainly by the service quality and offer comprehensiveness, aspiring to provide a full process service and this, to a certain extent, limits the impact of price competition in particular areas. Additionally, the pressure is set off by the expansion of the scope of cooperation with the given client.

Risk of delayed payment of amounts receivable from clients

The OEX Group companies operating in the Sale Support and the E-business segments, similarly as their competitors, are characterised by a considerable disproportion between the length of the collection cycle of the trade receivables from clients and the maturities of liabilities to suppliers and employees. This fact creates a huge demand for working

capital, in particular in the period when new projects are being launched. One cannot rule out that in case of considerable delays in the payments from large clients, there may be transitional delays in the payment by the OEX Group of its liabilities, which would have an adverse impact on the economic situation and the financial performance.

The risk of transitional liquidity problems is limited due to the access to alternative liquidity sources in the form of overdraft facilities, loans or factoring.

Subcontractor risk

A part of work provided under the services in selected operating segments is performed by external contractors. These services mainly concern a single link of the outsourcing process and comprise, e.g. transport and courier services, production of marketing materials and the work of programmers, graphic designers etc. In some cases, the OEX Group companies are responsible for the quality of work of subcontractors, taking over the risk of remedying potential damage caused by such subcontractors during the performance of services for the client. One may not, consequently, rule out a situation when any damage caused by the operation of a subcontractor will be charged to the financial result of the OEX Group.

The OEX Group tries to minimise this risk by maintaining a constant cooperation with proven partners and by the monitoring of the quality of services they provide. Additionally, there is a good practice in place that the contracts entered into with the subcontractors contain provisions allowing the Group to ensure that the responsibility for such damage is adopted by subcontractors in accordance with the recourse principles.

Risk related to the necessity of non-gradual development of infrastructure

The future profitability of the OEX Group may be subject to fluctuations due to the necessity to ensure a non-gradual development of infrastructure, especially the warehousing space and operational space. The growth in the scale of business and the acquisition of new projects is related with the ever increasing demand for warehousing space. In order to secure the future warehousing needs and avoid any ineffective multiplication of locations as well as to obtain better lease terms and conditions, the Group increases the used warehousing capacity in large steps. In the first period after the expansion, some part of the area is not used and generates lease costs, which lowers the profitability in that period. Along with the acquisition of new projects and the rise in the leased area utilisation, the lease costs are divided by a higher number of projects and the general profitability goes up.

The OEX Group tries to limit the risk related to non-gradual expansion of the infrastructure by correlating the new area rental periods with the kick-off of significant contracts. It is a standard practice also to negotiate that there are clauses in the lease agreement allowing the OEX Group companies to use lease rental payment holidays, especially in the initial lease period. This allows us to have a significant cash situation improvement, even though it should be mentioned that due to the way of recognition of such transactions in the books of account adopted by the OEX Group, the lease rental payment holidays do not have any material impact on the improvement of results in that period.

Risk related to the destruction or loss of stored materials

The materials and goods storage in the warehouses of the OEX Group, in relation with the contracts performed, is related to the risk of destruction or loss. This may result in the delay or even suspension of the project performance and to liability for damages. It may also have a negative impact on the future business relationships with the given client. For these reasons any events that result in the destruction or damage of the warehousing facility or the materials stored inside may have a significant negative impact on the future financial performance.

The risk of losses related to the loss or destruction of materials stored for the clients is assessed by the Management Board as limited. The facilities used to store clients' materials are equipped in modern fire protection systems and other types of physical security. In contemplation of any event that would result in the damage or destruction of materials stored, the Group companies have taken out insurance policies in the applicable scope.

Risk related to the one-off character of a part of projects

For selected parts of the Sale Support segment and - to a small extent - for a part of the E-business segment, short-term projects are typical, especially with a one-off character. This concerns especially such activities as: marketing actions, events, door-to-door sales campaign and other specific projects.

The basic consequence of the above-mentioned project characteristics is the necessity of a permanent acquisition of new orders in order to increase the scale of business. Apart from the related revenue fluctuations, the OEX Group companies may also be exposed to the fluctuations of profitability, because the margins on new projects may change from year to year, depending on the economic situation and the competition. The sale support and marketing projects are usually reduced in times of economic downturn, which may have a negative impact on the future financial performance.

In the assessment of the Management Board, the dependence of performance of the OEX Group companies on one-off projects is lower than in the considerable majority of competitor companies. The Group companies have a potential and competences to permanently increase the number of longer-term projects by offering comprehensive solutions to the current and future clients.

Risk of higher market competition

In the Retail Sale Network Management segment, the OEX Group companies operate for the benefit of the mobile phone operators such as: Orange Polska S.A., Polkomtel Sp. z o.o. and T-Mobile Polska S.A. The loss of competitive position of these operators to entities whose services are not distributed by the Group companies may indirectly lead to a deterioration of the financial performance of the OEX Group.

Currently, the biggest competitor of the above-mentioned operators is P4 Sp. z o.o., operator of the Play network. Since the OEX Group does not cooperate with Play, its dynamic development may have an indirectly adverse impact on the level of sales and the financial performance of the Group.

In the Sale Support segment, in the assessment of the Management Board, there is a minute number of entities on the Polish market that would provide services whose scale or diversification would be similar to the services rendered by the OEX Group companies. Nevertheless, in particular area, the Group is exposed to competition from entities specialised in the provision of services of the given type. A source of risk is also the rise in the complexity of services provided by competitors and a switch from the provision of single services to the support of whole business processes (by, among other things, a consolidation of companies from various market segments). Tightening competition in the complex long-term project service area may be related to a higher price pressure from the clients and the inability to win new contracts in the number assumed by the Issuer's Management Board. This may have its negative impact on the future financial performance.

The eCommerce Services segment is very distributed, there are a lot of companies of different sizes and new enterprises emerge all the time. In the assessment of the Management Board, smaller enterprises or the newly established ones, without any history of cooperation, significant implementations completed in the e-commerce segment, have poor chances to acquire clients for whom these elements are the key elements in the decision process. There are few companies competitive to the OEX Group companies in the eCommerce Services segment, which may provide a full range of services (from IT, through e-marketing to logistics and customer support) and acting in an appropriate scale. Moreover, a technology selected once by the client is rarely changed at a later stage so the companies that failed to win the client cannot count upon any further cooperation with that client. One should also remember that the inflow of new clients to e-commerce is, in large simplification, comparable to the year-to-year rise of that market and the trends observed in this area are double digit high. This means that each year there are a few percent more of new clients who need e-business services.

The OEX Group companies aspire to take over the service of entire business processes and the high competences they have in this aspect constitute their major competitive edge. Considering the scale of business, the comprehensiveness of the offer, the experience and high credibility, the Group has a strong position when it comes to winning large scale contracts because a part of competitors is not able to meet the terms and conditions of the call for tenders on their own. The strategy pursued by the OEX Group allows it to mitigate the competition-related risk.

Labour market risk

The unemployment level, which has been decreasing in recent year, constitutes an important factor on the Polish labour market. Year 2020 on the labour market saw a slight growth in the unemployment level, but it still remains at historically low levels. At the end of 2020, the unemployment rate was 6.2%. The economy achieved this condition, seeing, at the same time, a lack of employment stability and a growing significance of flexible forms of cooperation. The main challenge in front of employers was to acquire and maintain employees, as well as their growing pay expectations. The number of potential job candidates is also influenced by demographic factors and economic migration. The above-mentioned elements combined with pay rises, both resulting from the changes of the minimum wage changes and from the pay pressure stemming from a limited pool of candidates, translate directly into the availability of employees and, consequently, increase the employee acquisition costs.

Considering the foregoing, the OEX Group appointed a specialist entity - Pro People Sp. z o.o., the main task of which is to secure the recruitment needs of the majority of the Group companies. Additionally, particular companies, depending on the conditions of the projects they run, implement bonus systems for their employees as well as other additional benefits.

An important element influencing the financial performance of the OEX Group companies is also the ability to manage the operational employee turnover - which is of particular importance in the Sale Support segment, where it is an indispensable element of the business. However, the scale of this phenomenon depends to a large extent on the particular market area (the higher turnover indicators are characteristic for areas where high competences are not required). The employee rotation (turnover) is an undesirable phenomenon in relation with, without limitation, the time and costs of recruitment of new employees, costs of training, lowered efficiency in the first period after employment. The intensification of this phenomenon, especially when accompanied by other labour market tendencies, may have a negative impact on the future financial performance of the OEX Group.

In order to secure the interests of the Group, actions are being taken to improve the project profitability, mainly as regards employment optimisation, process automation and development of technologies and IT tools.

The Issuer attaches great importance to the compliance with the law and the planned changes concerning the labour law and social insurance, including those that may increase the costs or otherwise lower the attractiveness of the flexible forms of employment used by the company, are of great significance for the business of the OEX Group companies. All initiatives concerning amendments to regulations in this area and any advancing legislative work concerning the selected provisions of the law are very closely monitored by the Issuer and the plans for further activities are, to the extent possible, adjusted as appropriate to the most probable scenarios.

Currently, the OEX Group concentrates its activities on tight cost control, productivity increase and project management improvement. The Issuer also sees additional development opportunities in the area of outsourcing solutions for clients that search ways to optimise costs.

Risk of departure of key employees

Highly qualified and motivated managerial staff is an extremely important factor underlying the success of the business of the Group companies. The current market position and financial standing of the OEX Group are, to a considerable extent, the effects of the knowledge, skills and experience of its current management team and key employees. The potential loss of the best managers or people with unique qualifications may, consequently, translate into a risk of a transitional deterioration in the management quality in the OEX Group and in its particular business areas as well as lower possibilities of the performance of tasks for the clients, which, in turn, may have an adverse impact in the Group's financial performance and the speed with which the Group's development plans are pursued.

It must be stressed that in case of the business carried out by the OEX Group companies, a loss of a key employee is not usually related to the loss of client the employee was responsible for. The process of service provider change in the outsourcing sector is characterised by a high degree of complexity and time consumption and the departure of a key employee does not provide the grounds for such a change usually. This concerns in particular the complex processes in which the Group companies specialise.

In order to mitigate the above risks, the OEX Group carries out a number of activities aimed at the maintenance and acquisition of best managers and employees, in particular by the development of an inventive-based remuneration system, an extensive training programme as well as provision of an opportunity for the employees to develop within the Group.

Risk related to improper service performance

The agreements the OEX Group companies are parties to precisely define their scope of obligations when it comes to service performance. Also the consequences of a failure to perform or an improper performance of the given service or of damage made to the detriment of the client in relation with the service performance are also determined. Typical sanctions laid down in the agreements made by the OEX Group companies include the obligation to redress the damage or monetary penalties. The consequences also may include the withdrawal of the counterparty from cooperation with the given company or loss of reputation, which may, in turn, lead to an outflow of the existing clients and limitation of possibilities of acquisition of new ones. The occurrence of such type of events may have a significant adverse impact on the future financial performance.

Usually, the main reasons underlying the improper performance of services include human errors and failures of IT infrastructure. In this relation, the OEX Group pays particular attention to the quality of services rendered and to the minimization of probability of occurrence of such errors or failures. In this context, one should mention, for example, the implementation of quality control procedures (including the ISO 9001 systems), staff training, work monitoring and computerisation of the service performance process.

The OEX Group companies have also taken out insurance policies against all claims of clients related to the improper performance of certain services.

Risk related to the conduction of business using IT technologies

The business of the OEX Group involves the use of IT infrastructure as well as dedicated software. In this relation, the OEX Group companies are exposed to infrastructural failures, errors in the operation of the software used as well as potentially adverse effects of potential hacker attacks or malware. Such events may result on limitation of the access to the IT systems used. The most frequent types of failures and breakdowns include interruptions of optic fibre connections and errors in the applications used. The main consequence of a failure or a breakdown is a downtime and discontinuation of the service provision and the related costs. In case the client's access to the application is blocked for a longer period of time, the OEX Group may be additionally exposed to the accrual of contractual penalties. In relation with the foregoing, any serious failures or breakdowns of the IT infrastructure may have a significant adverse influence on the future financial performance.

The most serious consequence - from the point of view of the OEX Group's liability - would be a failure leading to a permanent loss of the data stored or its disclosure to unauthorised persons. The risk of that type of event is, in the opinion of the Issuer's Management Board, very small. The OEX Group has implemented a number of tools and procedures which, on the one hand mitigate the risk of an emergency situation, and on the other hand - minimise the damage caused by such type of situation.

Risk related to the necessity to ensure information confidentiality

The information confidentiality is one of the key obligations of the OEX Group companies. The OEX Group applies security measures at the IT level and has in place data access control procedures to ensure no unauthorised access is granted. In the assessment of the Management Board, the procedures in place ensure protection against both accidental and wilful disclosure of confidential information. One cannot, however, rule out completely that in consequence of an improper performance of professional duties by a Group employee or in consequence of a wilful act, the confidential information will be disclosed. The responsibility towards the client for this type of event rests directly on the OEX Group companies. The responsibility depends on the scale and the type of disclosure.

Risk resulting from changes in the personal data protection provisions

The protection of personal data is an important aspect of the business of the OEX Group companies. The coming into force in May 2018 of the GDPR meant that the OEX Group companies must adjust their regulations and security systems. This entails expenditure on the implementation of GDPR-compliant procedures and systems, comprising legal aspects, IT security, technical safety, access rules, risk analysis and incident reaction etc. The GDPR changes in this respect the approach of data controllers from a reactive approach to personal data protection to a proactive one. The data controller is obliged to monitor on an ongoing basis the protection level and new threats as well as to improve the safe guarding system constantly to adjust it to the changing challenges. Consequently, there are no clear guidelines which would allow one to confirm the adequacy of security systems applied and this entails a risk of differences in the assessment thereof between the data controller and the supervision authority. This may lead to penalties which may be imposed on controllers and processors and the amount of such penalties was defined in the GDPR Regulation at the higher of EUR 20 million or 4% of the company's annual turnover. Despite the adjustment of the penalties in proportion to the scale of infringement, one may not rule out that there is, to a certain extent, a risk that penalties may be imposed on the OEX Group companies.

Risk of claims against the OEX Group companies

One may not rule out the risk that civil or arbitration actions are undertaken against the OEX Group companies by clients, employees and contractors. When executing agreements, the OEX Group companies initiate a potential risk of a failure to perform or improper performance by them of the subject matters of such agreements. The OEX Group entities are exposed in such cases to claims for compensatory damages. The entities that institute such proceedings may expect large sums of money or other types of compensations from the Group companies, which in the case the proceedings are finally settled for the benefit of such companies may have a negative impact on the current liquidity of the OEX Group entity and, consequently, the financial performance of the OEX Group. A significant burden for the OEX Group company would also be the costs arising in consequence of the institution of such proceedings, in particular the costs of legal defence. The proceedings might also lead to a deterioration of the image of the given Group company and, consequently, result in difficulties in the acquisition of new clients, employees and contractors. In order to minimise the risk of potential disputes and initiation of legal actions against the OEX Group companies, the OEX Group entities make every effort to perform the agreements they executed in a timely manner and with due diligence, as well as to discharge the obligations towards the clients, employees and contractors as per the mandatory rules of law and standards of the sector the Group operates in.

Risk of termination of agreements by banks or lease companies

The OEX Group finances its activities using both its own funds as well as such instruments as bank credits and leases. Any possible non-renewal or termination of credit agreement or lease agreement by any financing entity would have a negative impact on the financial liquidity and may lead to a deterioration of the financial performance of the Group.

The OEX Group companies reliably and timely discharge their duties towards the financing institution both as regards the payment of liabilities and other covenants, including the maintenance of securities and appropriate financial ratios, therefore the Issuer's Management Board is of the opinion that the risk of termination of such agreements is insignificant.

Risk of changes in interest rates

In accordance with IFRS 16, the OEX Group has, as at 31/12/2020, financial liabilities in the total amount of kPLN 119,683 (according to IAS 17, the liabilities have a value of kPLN 38,009). In view of the foregoing, the Issuer's Group is exposed to the risk of changes in interest rates as any rise in such rates will increase the costs of financing and, consequently, lower the profitability. The sensitivity analysis concerning the potential change in the interest rates was presented in Note No. 25 to the consolidated financial statements.

Risks related to the legal environment

High volatility of Polish legal regulations and their interpretations may have a negative impact on the business of the OEX Group, especially if such changes concern the business law, tax law, labour law, social insurance law and securities law. Such changes may be unfavourable for the financial and operational situation of the Issuer and its Group, including a rise in the business costs, decrease in profits generated or business freedom limitations or impediments. The ambiguities and inconsistent interpretations of the provisions of law result in considerable difficulties at the stage of application of such laws by the enterprises as well as courts of law and administrative authorities. The foregoing results in the risk which may arise in case of potential disputes to which the Issuer or an entity from its Group may be a party. The judgements issued by the courts of law or decisions of administrative decision authorities are inconsistent and unpredictable, which decreases their applicability in the interpretation of the law. The Issuer uses a permanent legal and tax consulting support and tries to minimise the risk related to changes in legal environment, however this risk cannot be excluded entirely.

In the Issuer's opinion, of particular importance to its situation may be tax-related risks. To the best of the Management Board's knowledge, the Issuer and its subsidiaries comply with the tax laws and do their best to ensure that their business operations always allowed for all the aspects of the law, including its amendments and – to the extent possible – latest interpretations. Despite this, it may not be excluded that the activities of the tax authorities in consequence of an audit of the observance of specific provisions, especially an interpretation thereof, may have a negative impact on the financial and cash situation of the OEX Group. The tax audits in progress in the Group companies (mainly related to the VAT settlements, including VAT refunds) are many a time prolonged frequently and this have an impact on the operation of the companies - the Management Boards and the key personnel is involved, their time is taken and additional costs are generated (e.g. tax consulting). This also impacts the cash position, especially when the period for the VAT tax refund is extended in result of such audits. The companies apply in such cases all legal tools available to them to protect their interests, nevertheless in case there is a growth in the scale of activities carried out by the tax authorities, the character or such activities is changed or there are decisions made that are unfavourable for the companies, the potential negative impact of such events on the situation of the Issuer's Group may be immense.

Risks related to the COVID-19 epidemic

The Management Boards of the OEX Group companies closely monitor the development of events related to the spread of the SARS-CoV-2 coronavirus causing the COVID-19 disease, assess the impact of the epidemic itself as well as the measures imposed by the authorities on the business of particular companies and identify the risks in order to take appropriate preventive steps so as to mitigate or neutralise any possible negative consequences.

After analysis, as at the date of the publication of this report, there were the following potential COVID-19-related risk areas:

Administrative restrictions on the operation of the companies from the Retail Sale Network Management segment

In result of the lockdown introduced in the first half of 2020, approx. 30% of all retail outlets managed by the OEX Group companies were shut down (mainly in the shopping malls), and the activity of clients in the remaining outlets went significantly down. In case similar measures are introduced in future and are maintained for a longer period of time, their impact on the business of the segment companies would be considerably negative and, in an extreme situation, may pose a threat to their going concern. In the assessment of the Management Board, the probability of this event is currently very small.

Clients' decisions concerning the performance of existing and potential contracts

Some clients of the OEX Group companies decided that in relation with the COVID-19 epidemic outbreak, they will downsize or, in some cases, discontinue the cooperation in relation to certain services, despite the fact that the OEX Group companies duly discharged all their obligations as per the contracts. This is a situation that, currently, concerns a definite minority of the Group's clients. It may not be excluded, though, that the scale of this phenomenon may grow

in result of decisions taken beyond the control of the OEX Group, depending on the actual or expected impact of the epidemic on the clients' business, their own financial condition, the market situation, the general economic situation or some other unknown factors that have appeared or may appear in relation with the COVID-19 epidemic outbreak. Moreover, a part of potential clients of the OEX Group companies took a decision to suspend or to withdraw from talks concerning future cooperation as regards the services provided by the Group.

The Management Boards of the Issuer's companies are in permanent contact with their clients and, wherever possible, they conduct talks in order to work out solutions that would minimise the probability of this type of decisions and in case of potential clients, they closely monitor the possibilities that the talks on the sale of new services may be resumed.

At the same time, in selected business areas (e.g. a part of programming services, logistics, contact centers), the OEX Group companies have noted increased interest in their services, which is reflected in the growing scale of the purchase orders and revenues and should have its influence on the containment of decreasing revenues from the above-mentioned reasons across the OEX Group.

Restrictions concerning the availability of personnel

Among the factors that may have a significant impact on all the areas of the business of the OEX Group there are potential restrictions as to the availability of personnel in relation with, for example, closed schools and the related necessity for the employees to take care of the children, as well as the heightened carefulness shown by the Management Boards and by the employees themselves, concerning the risk of COVID-19 infections. The Management Boards of the OEX Group companies undertake measures in order to ensure a flexible adjustment of the work organization to the changing situation and they stay in permanent contact with the employees and contractors in order to work out the most effective operating methods. This should have its contribution to limiting the negative impact of the above-mentioned factors on the business of the Issuer's Group.

Contractors' Difficulties

The possibilities of the OEX Group companies to render their services may be adversely impacted by the COVID-19-related difficulties suffered by its contractors. Irrespective of the above-mentioned factors, which have their impact on the decisions taken by the clients of the OEX Group, there have been a number of problems at the suppliers' side which were related to both, their own financial or operational situation or restrictions concerning international transport, trade or logistics. The Management Board of the OEX Group is of the opinion that the aforementioned difficulties are temporary only. It cannot be ruled out that in case the state of epidemic (on the global scale - a pandemic), there will be a stronger negative impact on the operational situation of the OEX Group companies. The Management Boards of the OEX Group companies take permanent measures to monitor the situation of their contractors so as to minimise the risk that this type of problems may arise in the future. Wherever possible, they secure alternative sources of supplies of goods and services so that their companies are not dependent on potential problems of a single supplier.

Impact of the COVID-19 epidemic (pandemic) on the market situation

The unprecedented situation related to the global scale and pace of the virus spread had a strongly negative impact on both the national and the world economy. In accordance with the common expectations of a majority of economists, the impact may be a long-term one, even after the termination (or significant containment) of the direct COVID-19 threat. This, in turn, may have an influence on the basic conditions underlying the demand and supply processes of many goods and services, and, consequently, may result in a harsher operating environment for the enterprises. The OEX Group companies may also be subject to the above-mentioned factors and that may – especially in case of a significant reduction of the consumer's demand, and, consequently, the indirect demand for selected services among the clients of the OEX Group – have a considerably adverse impact on the Group's financial position and its development potentialities. On the other hand, this crisis may generate additional development stimuli in the future for certain services, in particular related to the eCommerce solutions or remote client support, where the OEX Group is a provider. The already observed and the expected rise in the unemployment level may facilitate the enterprises to obtain and lower the costs of labour, which will also have a significant weight for the OEX Group companies too. The final impact of the COVID-19 epidemic and the crisis it caused on the global and national market is hard to foresee. The Issuer's

Management Board will monitor the market environment in which the OEX Group operates and will adjust further strategies to the changing circumstances.

Exchange rate fluctuations

Among the macroeconomic factors that impact the financial situation of the OEX Group there also are exchange rates. The f/x fluctuations caused by the epidemic, and in particular the permanent weakening of the Polish zloty to EUR may have a significantly adverse impact on the financial performance, especially in the E-Business segment, where the rental of warehouse space is settled in EUR and constitutes a significant element of the operating costs. The Management Boards of the OEX Group undertake actions in order to mitigate by contracts the growing foreign currency costs and to lower the costs of rentals temporarily but currently it is difficult to foresee the effects of those actions and, consequently, their final impact on the future performance.

Irrespective of the foregoing, all the OEX Group companies take steps to reduce costs and prepare scenarios of further crisis-related and savings measures, which will depend on the development of the COVID-19-related situation. All possible financial support options, such as public aid programmes or other solutions offered under the government-proposed anti-crisis programmes, are currently analysed and used.

12. Assessment of financial resources management and its grounds, in particular the ability to discharge liabilities incurred, determination of possible threats and measures undertaken or to planned by the issuer to counteract such threats;

The OEX Group has a rational financial management. It discharged its liabilities on a timely basis. In the current year, the Group noted, however, a significant value of various types of impairment charges, including impairment of receivables and inventories, while maintaining at the same time a very good cash position – also in those companies that had the biggest share in the impairment losses. The non-cash character of the considerable part of impairment losses made and the non-recurring costs had a negative impact on the result items, however an analysis of both the balance sheet and the cash flows of the Group and of particular companies shows some positive trends as regards the changes in the level of working capital and a decrease in the debt, including the revolving debt.

Ratio-based analysis

No.	Name of ratio	Formula	Measure	2020	2019
1 Efficiency ratio					
1.1	Cost level ratio	$\frac{\text{tax deductible cost}}{\text{revenue from the sales}}$		0.96	0.98
1.2	Asset turnover ratio	$\frac{\text{revenue from the sales}}{\text{total assets}}$		1.3	1.5
1.3	Fixed asset turnover ratio	$\frac{\text{sale revenue}}{\text{fixed assets}}$		2.5	2.8
1.4	Inventory cycle indicator	$\frac{\text{inventories} \times \text{number of days in the period}}{\text{sale revenue}}$	days	6.7	2.5
1.5	Receivables cycle indicator	$\frac{\text{receivables} \times \text{number of days in the period}}{\text{sale revenue}}$	days	85	71
2 Effectiveness ratios					
2.1	ROS - gross	$\frac{\text{profit on economic activity} \times 100}{\text{sale revenue}}$	%	4.49	1.8
2.2	ROS - net	$\frac{\text{net profit} \times 100}{\text{sale revenue}}$	%	2.9	3.8
2.3	Rate of return	$\frac{\text{net profit} \times 100}{\text{total assets at period end}}$	%	3.7	5.7
2.4	ROE	$\frac{\text{net profit} \times 100}{\text{equity}}$	%	9.4	14.0
3 Financial liquidity ratios					
3.1	Liquidity I ratio	$\frac{\text{total current assets}}{\text{current liabilities}}$		1.23	1.2
3.2	Liquidity II	$\frac{\text{current assets} - \text{inventories}}{\text{current liabilities}}$		1.17	1.2
3.3	Liquidity III ratio	$\frac{\text{cash}}{\text{current liabilities}}$		0.34	0.4
4 Capital structure, ratios					
4.1	Debt ratio	$\frac{\text{outside capital}}{\text{shareholders' equity}}$		1.6	1.5
4.2	Equity to debt ratio	$\frac{\text{shareholders' equity}}{\text{outside capital}}$		0.6	0.7
4.3	Asset to equity leverage ratio	$\frac{\text{shareholders' equity}}{\text{total capital}}$		0.4	0.4
4.4	Asset to liabilities leverage ratio	$\frac{\text{liabilities to suppliers}}{\text{total capital}}$		0.2	0.2

13. Characteristics of the policy related to the lines of development of the Issuer's Group;

The Group intends to develop its offer of modern services for the business gradually. The Management Board sees the growth potential in the Retail Network Management segment mainly in consequence of further market consolidation, while in case of the remaining segments - by both further organic growth and the reinforcement of the market position as well as by selective capital transactions aimed at the creation of a permanent value for the shareholders. The Company treats the areas related to the use of new technologies and specialised logistics, especially related to the comprehensive eCommerce support as particularly prospective.

14. Indication of significant legal, arbitration and administrative proceedings;

The Group companies are parties to legal proceedings in courts of law, however none of such proceedings concerns liabilities or receivables that would be material in terms of the Group's business. Similarly, the total value of, respectively, liabilities or receivables litigated in court does not meet the Group's materiality criterion.

There are no proceedings to which the Issuer or its subsidiaries are parties before any arbitration courts or administrative authorities, in which the total value of litigated liabilities or receivables would meet the Group's materiality criterion.

15. Information on contracts significant for the business of the Issuer's Group, including contracts between shareholders known to the issuer, insurance contracts and cooperation contracts;

a) Agreements significant for the business of the OEX Group companies

[Agency Contract of 20 November 2012](#)

The key contract for TELL Sp. z o.o. is the Agency Contract with Orange of 20 November 2012 (superseding previous contracts and effective as of 1 October 2012) on the basis of which TELL Sp. o.o. provides mobile phone system agency services for Orange Polska S.A.

[Agency Agreement of 01 April 2001](#)

The key contract for Euro-Phone Sp. z o.o. is the Agency Contract of 01/04/2001 on the basis of which Euro-Phone Sp. z o.o. provides mobile phone system agency services for T-Mobile Polska S.A. Additionally, the Company and T-Mobile Polska S.A. concluded the Distribution Contract of 01/07/2001.

[Cooperation Agreement with the Strategic Authorised Sales Representative of 15 December 2016.](#)

Until the end of 2016, the Agency Contract of 30/06/2010 (superseding previous contracts) had been the key contract for PTI Sp. z o.o. and PTI Sp. z o.o. provided mobile phone agency services for Polkomtel Sp. z o.o. on its basis. In addition to the above-mentioned contract, the Company and Polkomtel also concluded the Goods Distribution Contract concerning pre-paid products, the DTH Distribution Cooperation Agreement and the Agency Agreement concerning intermediation in banking activities. In December 2016, the Company signed a new agreement for the next 5 years with Liberty Poland SA (a member of the Polsat Group), in accordance with which since 1 January 2017 it has been providing agency agreements related to mobile phones and other products and services offered by the Polsat Group.

[Credit agreement dated 28 October 2020 made by and between OEX S.A. and the Issuer's subsidiaries on the one hand and Santander Bank Polska S.A. and Santander Faktoring sp. z o.o. on the other hand](#)

Details of the agreement are described in item 18.

Investment agreement dated 24 August 2020 by and between OEX S.A., iPOS S.A. with registered office in Warsaw, and all the existing shareholders in iPOS S.A.

Details of the agreement were described in Note No. 2 to the Group's consolidated financial statements.

b) Agreements made between the shareholders

The Issuer is not aware of any agreements made between the shareholders.

16. Information about organisational or capital links of the issuer with other entities and determination of its main domestic and foreign investments (securities, financial instruments, intangible assets and real estates), including equity investments made outside the group of related entities as well as description of their financing;

Information on organizational and capital links and equity investments was presented in item 3.

17. Information about transactions made by the issuer or its subsidiary with related parties at terms and conditions other than those at arm's length, including amounts of such transactions and information on the transaction character - the obligations is deemed to have been fulfilled by indicating the place where the information is included in the financial statements;

The transactions between the Group entities were made at arm's length. Details concerning the transactions with related parties were given in item 23 of the consolidated financial statements of the OEX Group and in item 23 of the financial statements of OEX S.A.

18. Information about loan and credit contracts signed or terminated in the given financial year, with a specification of at least their values, type and amount of the interest rates, currency and maturity dates;

No agreement executed with the Group companies concerning loans and credits was terminated earlier.

Until October 2020, the Group companies used the financing under the loan agreement dated 14 December 2017 made with the consortium of ING Bank Śląski S.A. and Bank Zachodni WBK S.A. as well as factoring agreements made with BZ WBK Faktor sp. z o.o. and ING Commercial Finance Polska S.A.

On 28 October 2020, OEX S.A. and its subsidiaries: Tell Sp. z o.o., Europhone Sp. z o.o., PTI Sp. z o.o., OEX Cursor S.A., Merservice Sp. z o.o., Pro People Sp. z o.o., OEX E-Business Sp. z o.o., OEX24 Sp. z o.o. and Voice Contact Center Sp. z o.o. ('Borrowers'), entered into a Multi-Line credit agreement ('Credit Agreement') with Santander Bank Polska S.A. ('Lender'), and selected companies also made an investment credit contract with the Lender and entered into new factoring contracts or extended the term of their existing factoring contracts with Santander Factoring Sp. z o.o. The Borrowers also entered or undertook to enter into contracts and signed additional documents under such contracts, in particular related to the establishment of collaterals and securities as agreed. Such contracts were concluded with a view to refinance the existing indebtedness of the Borrowers.

In relation with such contracts and documents signed, the Borrowers' liabilities under the credit contract, factoring contracts and the related additional contracts executed on 14 December 2017 (with later amendments) by and between OEX S.A. and its subsidiaries on the one part and Santander Bank Polska S.A., Santander Factoring Sp. z o.o., ING Bank Śląski S.A. and ING Commercial Finance Polska S.A. on the other part.

Based on the said contracts executed in October 2020, the Lender and the Factor undertook to provide financing to the Borrowers in the total amount of up to PLN 81,747,094 in the form of:

- overdraft facilities and bank guarantees up to the total amount of PLN 41,300,000 with a destination to finance the day-to-day operations of the Borrowers; the overdraft facilities were granted for a period of 1 year and the bank guarantees for a period of max. 2 years;
- investment loans in the total amount of PLN 19,947,094.12 in favour of OEX S.A., OEX E-Business Sp. z o.o., Europhone Sp. z o.o. and PTI Sp. z o.o. the destination of which was to refinance the existing debts and finance additional investment expenses of those Borrowers; the loans were granted for a period of 1 to 5 years and will be repaid in monthly or quarterly instalments;
- factoring in the total amount of up to PLN 20,500,000 in favour of OEX Cursor S.A., OEX E-Business Sp. z o.o. and MerService Sp. z o.o.

Pursuant to the Credit Facility Contract, the investment credit contract and the factoring contracts, the applicable interest rate will be a sum of the WIBOR 1M rate plus the Lender's margins as appropriate. The margins are not, in the opinion of OEX S.A., different than the ones currently applicable to borrowing terms and conditions available on the financial market.

The margins applicable to the investment credits may vary depending on the level of indebtedness as measured by the ratio of consolidated net debt to the consolidated EBITDA of the OEX Group ('Debt Ratio'). At the same time, the Debt Ratio may not, on pain of breaching the Credit Facility Contract, exceed the value of 3.0 - save exceptions provided for in the Credit Facility Contract.

Additionally, the Debt Ratio and the lack of breach of the Credit Facility Contract may influence the possibility and the maximum value of dividends payable by OEX S.A. In case the Debt Ratio is below 2.0, the permitted value of the dividend paid by OEX S.A. constitutes, without breaching the terms and conditions of the Credit Facility Contract, 100% of the consolidated net profit. In case the Debt Ratio is higher than 2.0 but not higher than 3.0, the permitted value of the dividend paid by OEX S.A. may not, without breaching the terms and conditions of the Credit Facility Contract, exceed 80% of the consolidated net profit. In case when the Debt Ratio is higher than 3.0, no dividend payment by OEX S.A. is possible without breaching the terms and conditions of the Credit Facility Contract.

The Credit Facility Contract, the investment credit contract and the factoring contracts foresee securities in the form of pledges on shares in subsidiaries, which are Borrowers, pledges on the bank accounts of Borrowers as well as an assignment of rights under selected insurance policies. Additionally, the Borrowers made statements in which they agreed to be subject to the enforcement proceedings in accordance with Art. 777 §1 (5) of the Code of Civil Procedure in favour of the Lender or, respectively, the Factor and made contracts on accession to the debt the purpose of which was to establish a joint and several liability of the Borrowers.

The remaining terms and conditions of the agreements do not differ from standard clauses applied in such types of agreements.

19. Information on the loans extended in the given financial year, with particular attention paid to loans extended to the Issuer's related parties, with a specification of at least the loan amounts, types and interest rates, currencies and maturity dates;

The information about loans granted and repaid in 2010 by OEX S.A. to the Group companies is presented in the table below. The interest rate applicable to the loans is variable and is a total of the following components: arithmetic mean of the WIBOR 1M rate for deposits of the previous calendar month plus a margin of 2.0% to 3.5%. The loan maturities do not exceed 12 months with a rollover option.

Borrower	Balance as at 31/12/2019	Loan granted in 2020	Loan repaid in 2020	Balance as at 31/12/2020
Europhone Sp. z o.o.	6282	-	1602	4680
OEX E-Business Sp. z o.o.	150	-	-	150
OEX Cursor S.A	4000	-	4000	-
OEX24 Sp. z o.o.	1849	5950	1849	5950
Voice Contact Center Sp. z o.o.	-	550	550	-
iPOS S.A.	-	2003	-	2003
Total	12281	8504	8001	12784

20. Information on sureties and guarantees granted and received in the given financial year, in particular the sureties and guarantees granted to the Issuer's related parties;

Information on securities and guarantees granted was presented in section 24 of the Group's consolidated financial statements.

21. In case of issue of securities in the reporting period, description of the use by the issuer of the proceeds from the issue until the date of the report on activities;

In the reporting period, the Group did not issue securities.

22. Explanation of differences between the financial results disclosed in the annual statement and result forecasts published earlier for the given year;

The Group did not publish any forecasts of results for 2020.

23. Assessment of the feasibility of investment plans, including equity investments, when compared to the funds held, taking into account possible changes in the financing structure;

The investment intentions will be pursued owing to the funds earned in the current operations, Inflows from dividends from subsidiaries, bank loans and the funds obtained in result of the sale of shares in ArchiDoc S.A. The Company has at its disposal considerable own funds and, at the same time, a relatively low debt level, in particular the investment loan debt.

24. Changes in basic business management principles concerning the issuer and the group;

In 2020, there were no changes in the principles of governance of the Issuer's enterprise and the Group when compared to the previous year. OEX S.A., as a holding company, is responsible for the formulation of the Group's development strategy and supervision over its implementation, the acquisition policy and for the support given to subsidiaries in such areas as finance, controlling or HR management. The subsidiaries concentrate on the development of their core competences and the building of competitive edge within particular operational segments.

25. All contracts made between the issuer and the managing persons providing for compensation in case of resignation or dismissal from the position without a goof reason or when the recalling or dismissal takes place due to the combination of the issuer by merger;

The Issuer is a party to two work contracts which provide for compensation in case of resignation or dismissal from the position taken without an important reason with regard to two members of the issuer's management board. The total value of compensation resulting from these agreements amounts to PLN 360 thousand.

26. Value of remuneration, bonuses or benefits, including the ones resulting from incentive programmes or bonus programmes based on the issuer's equity;

The information about the value of remuneration and other benefits paid to the persons who manage or supervise the Issuer was presented in point 28.3 of the Group's consolidated financial statements.

27. Determination of the total number of shares in the issuer and shares in issuer's related parties that are held by the persons in management and supervisory bodies;

The persons in the management and supervisory bodies of the Issuer do not have any shares in subsidiaries. The list of Issuer's shares held by the persons in the managing and supervising bodies as at 31 December 2020 is presented in the table below.

	Total shares	Total votes	% of share capital	% of votes
Members of the Supervisory Board				
Piotr Cholewa , indirectly via Silquern S.a r.l.	801096	801096	10.03%	8.55%
Michał Szramowski, directly and indirectly via MS Investments Sp. z o.o. sp.k.	468770	468770	5.87%	5.00%
Members of the Management Board				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	2121773	2281381	26.56%	24.34%
Rafał Stempniewicz	98719	98719	1.24%	1.05%
Robert Krasowski	10889	10889	0.14%	0.12%
Tomasz Kwiecień	24150	24150	0.30%	0.26%

28. Information about contracts known to the issuer (including also contracts concluded after the balance sheet date) in result of which they may be in the future any changes in the proportion of shares held by present shareholders and debenture holders;

The issuer has no such information.

29. Information about the acquisition of treasury shares, in particular the purpose of the acquisition, the number and nominal value, specifying the part of the share capital they represent, the purchase price and the sale price in case they were sold;

Pursuant to Resolution No. 21 dated 25 June 2019, the Ordinary General Meeting of Shareholders of OEX S.A. authorised the Company's Management Board to acquire its treasury shares for redemption or further sale pursuant to Art. 362 § 1 (5) and (8) of the Polish Code of Commercial Companies. The Company's Management Board was authorised to purchase for and on behalf of the Company the Company's treasury shares in the total amount not higher than 457,142 shares giving to 457,142 votes at the General Meeting of Shareholders which constituted not more than 20% of the Company's share capital. Only fully paid-up treasury shares in the Company could be purchased. The acquisition of treasury shares could have taken place not later than 31 December 2019. The Company's treasury shares could be acquired by the Company in OTC transactions. The price of shares to be acquired could not be lower than PLN 17.50 and higher than PLN 19.00 per share.

The funds allocated for the acquisition of the Company's treasury shares could not be higher than PLN 8,000, thousand. The funds originated from the Company's own funds at the reserve capital set up on the basis of Resolution No. 22 of the Ordinary General Meeting of Shareholders in the Company dated 25 June 2019.

The amount of the reserve capital was determined at PLN 8,300 thousand. The reserve capital was created from a transfer of PLN 8,300 thousand from the Company's supplementary capital. The reserve capital was allocated in whole for the acquisition of the Company's treasury shares, including all the acquisition costs. Until 31 December 2020, OEX S.A. purchased 421,052 treasury shares. The share purchase price was PLN 8,072 thousand. The shares in the Parent Company were not held by the subsidiaries.

On 21 January 2021, the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, registered an amendment to the Articles of Association of the Company made by virtue of a resolution of the General Meeting of Shareholders of the Company No. 20 dated 25 August 2020 concerning a decrease in the share capital of the Company in relation with the redemption of treasury shares and an amendment to the Articles of Association of the Company.

In relation with the adoption of the Resolution and the registration of the amendments to the Articles of Association, the share capital in OEX S.A. was decreased from PLN 1,597,996.80 to PLN 1,513,786.40.

As at the date of registration of the share capital decrease, the total number of votes from all the shares in the Company amounts to 8,950,244 and the share capital is divided into 7,568,932 shares of the nominal value of PLN 0.20 each.

30. Information about the most important achievements in research and development;

The research and development work is carried out by Divante S.A., which next to the provision of software development services regularly creates new IT products and develops products created earlier. In 2020, Divante S.A. within the framework of development of its own products, invested in the following solutions, among other things:

- a sales platform allowing a direct video conversation in order to promote the online B2B 'Meetsales' sales;
- the Open Loyalty 5.0 platform;
- a solution for HR management and the 'Divante Adventure' e-learning platform.

In 2020, a new department was created within the company - 'DVNT - Innovation LAB'. Its objective is to aggregate and support all ideas for new products or semi-products or services for the e-commerce sector.

31. Information about the employee shareholding plan control system;

Companies of the Group do not run any employee share schemes.

32. Information on the Issuer's agreement with an audit firm authorised to audit the financial statements;

The information about an agreement executed and remuneration of an entity authorised to audit the financial statements was given in point 28.4 of the Group's consolidated financial statements.

33. Information about the policy concerning sponsoring, charitable or similar activities;

For many years, the Group companies have been involved in activities supporting the local communities. They become engaged in actions whereby assistance is provided to children and young people in difficult situations as well as in activities related to the environment protection and healthy lifestyle promotion. The actions have a long-term character. The activities carried out aimed at increasing the awareness of significant social problems and encouraging the involvement of all employees in the pursuit of social responsibility area projects. A significant part of these activities constitutes employee voluntary work whereby the Group supports its employees who become involved in various charitable initiatives.

The OEX Group does not have a formalised social impact policy. The OEX Group companies individually carry out their activities for the benefit of local communities and such activities are frequently promoted among the employees all over the OEX Group. In 2020, the OEX Group companies made donations in the total amount of kPLN 132.6 to support causes related to the promotion of health and to provide assistance in the treatment of its employees. The remaining beneficiaries include, but are not limited to, the Coalition of Companies affiliated with Warsaw Genomics, the Small Brothers of the Poor Association, the Doctors of Hope Association, Out Foundation and Ashoka - Innovators for the Public Good. Detailed information concerning this area has been presented in the Statement of Non-financial Data.

34. Report on non-financial information

Pursuant to Art. 49b (1) of the Accounting Act, the Company as a separate entity drew up the Statement of the OEX Group on non-financial information for 2020 attached to this report on the activities of OEX S.A.

35. Corporate Governance Statement

The 2020 corporate governance statement, constituting a part of these financial statements of the Issuer's Group, was prepared in the form of an annex entitled '*The 2020 Corporate Governance Statement*'.

36. Management Board's Statement and approval for publication

In accordance with the generally applicable legislation, internal regulations and corporate governance rules adopted, the chartered auditor was appointed by the Supervisory Board of OEX S.A. by virtue of the resolution of 28 May 2020 on the appointment of a chartered auditor. PKF Consult spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw (hereinafter referred to as 'PKF Consult'), entered into the list of auditing firms under number 477, was selected to be the auditor. The Supervisory Board made the above appointment so as to guarantee full independence and objectivity of the appointment process as well as the performance of his duties by the statutory auditor.

The Issuer executed a contract with PKF Consult on 27 July 2020. Pursuant to the contract, PKF Consult shall audit the separate and consolidated of the annual financial statements of the Issuer for 2020 as well as review the half-yearly, consolidated and separate interim financial statements prepared by the Issuer.

So far, the Issuer used the services of PKF Consult to audit the separate and consolidated financial services as well as to review the abbreviated half yearly financial statements for the years 2015-2019. Additionally, the Issuer ordered from PKF Consult the provision of services included in the scope of permitted services that may be provided by auditing companies (agreed procedures related to the confirmation of fulfilment of conditions of loan contracts executed - on the basis of analysis of financial information from the financial statements audited by the given auditing company).

Information about the remuneration of the auditing company is provided in item 28.4 of the financial statements.

The Management Board hereby declares that:

- a) the entity authorised to audit the financial statements that audited the consolidated financial statements has been appointed in accordance with the legal regulations and that this entity as well as the chartered auditors in charge of the audit, meet the requirements allowing them to issue an impartial and independent opinion on the audit as per the applicable laws and professional standards;
- b) the Company observes the regulations governing the rotation of auditing companies and key statutory auditors as well as the mandatory grace periods;
- c) the Issuer has in place a policy governing the appointment of an auditing company as well as a policy governing the provision for the issuer by an auditing company, an entity related to an auditing company or a member of its network of additional services outside auditing, including services conditionally exempt from the ban on the provision of performances by an audit firm.

Signatures of all Management Board Members

Name and Surname	Function	Signature
Jerzy Motz	President of the Management Board	<hr/>
Rafał Stempniewicz	Management Board Member	<hr/>
Robert Krasowski	Management Board Member	<hr/>
Tomasz Słowiński	Management Board Member	<hr/>
Tomasz Kwiecień	Management Board Member	<hr/>