

# OEX GROUP

## CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

Warsaw, 06 September 2018

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## SELECTED CONSOLIDATED FINANCIAL DATA OF THE OEX GROUP

### SELECTED CONSOLIDATED FINANCIAL DATA OF THE OEX GROUP

The basic items of the consolidated statement of financial position, consolidated statement of profit or loss and consolidated cash flow statements and the same values as converted into EUR are presented in the table:

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
	in k PLN		in k EUR	
<b>Consolidated statement of profit or loss</b>				
Sale revenues	277,993	248,798	65,572	58,576
Operating profit (loss)	10,429	11,316	2,460	2,664
Profit (loss) before taxation	6,655	7,391	1,570	1,740
Net profit (loss)	5,127	5,875	1,209	1,383
Net profit (loss) - share of the shareholders of the Parent Company	4,872	5,952	1,149	1,401
Earnings per share (PLN; EUR)	0.71	0.86	0.17	0.20
Diluted earnings per share (PLN; EUR)	0.69	0.86	0.16	0.20
Average exchange rate PLN / EUR in the period	X	X	4.2395	4.2474
<b>Consolidated Cash Flow Statement</b>				
Net cash flows provided by operating activities	13,009	-5,387	3,068	-1,268
Net cash flows provided / (used) by investing activities	-38,244	-18,844	-9,021	-4,437
Net cash flows provided / (used) by financing activities	41,562	28,483	9,804	6,706
Total net cash flow	16,327	4,252	3,851	1,001
Average exchange rate PLN / EUR in the period	X	X	4.2395	4.2474
	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
	in k PLN		in k EUR	
<b>Consolidated Statement of Financial Position</b>				
Assets	317,410	325,471	72,744	78,034
Long-term liabilities	74,714	41,287	17,130	9,899
Short-term liabilities	110,289	175,239	25,286	42,015
Equity	132,407	108,945	30,358	26,120
Equity - share of the parent company shareholders	130,429	107,222	29,904	25,707
PLN / EUR exchange rate at period end	X	X	4.3616	4.1709

In the periods presented, the following exchange rates were applied to convert the basic items in the financial statements:

- for data resulting from the statements of financial position - mean exchange rate of EURO as at the end of each period,

## SELECTED CONSOLIDATED FINANCIAL DATA OF THE OEX GROUP

- for data resulting from the income statements and cash flow statements - mean exchange rate for the given period calculated as an arithmetical average of exchange rates as at the last day of each month in the given period.

Content	Period of 6 months ended on 30 June 2018	Year ended on 31 December 2017	Period of 6 months ended on 30 June 2017
average exchange rate as at the period end	4.3616	4.1709	4.2265
average exchange rate of the period	4.2395	4.2447	4.2474

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30/06/2018	30.06.2017 (restated)	31/12/2017
<b>Non-current assets</b>			
Goodwill	116,545	119,778	116,545
Intangible fixed assets	12,746	10,193	11,630
Tangible fixed assets	25,730	22,054	23,238
Investments in other parties	500		250
Receivables and loans	1,075	991	952
Long-term prepayments	1,297	936	1,476
Deferred income tax assets	4,703	4,536	4,111
<b>Non-current assets</b>	<b>162,596</b>	<b>158,488</b>	<b>158,202</b>
<b>Current assets</b>			
Inventories	10,602	24,205	22,782
Trade Receivables and Other Receivables	103,423	93,374	121,794
Current income tax assets	733	565	431
Loans	25	18	12
Financial derivatives		44	
Short-term prepayments	12,257	9,544	10,803
Cash and cash equivalents	27,774	9,365	11,447
Fixed assets classified as held for sale			
<b>Current assets</b>	<b>154,814</b>	<b>137,115</b>	<b>167,269</b>
<b>Total assets</b>	<b>317,410</b>	<b>295,603</b>	<b>325,471</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>30/06/2018</b>	<b>30.06.2017 (restated)</b>	<b>31/12/2017</b>
<b>Equity</b>			
Equity - share of the parent company shareholders:			
Share capital	1,378	1,378	1,378
Share premium	63,075	44,960	44,960
Other Capitals	1,679	1,459	1,459
Retained profits:	64,297	48,995	59,425
- retained profit from previous years	59,425	43,043	43,042
- net profit for the parent company's shareholders	4,872	5,952	16,383
Equity - share of the parent company shareholders	<b>130,429</b>	<b>96,792</b>	<b>107,222</b>
Non-controlling shares	1,978	1,892	1,723
<b>Equity</b>	<b>132,407</b>	<b>98,684</b>	<b>108,945</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, credits	53,678	1,828	1,406
Finance lease	6,803	4,328	5,494
Bonds		20,000	20,550
Deferred tax liabilities	10,473	11,165	10,207
Employee benefit liabilities	121	296	121
Other long-term provisions	31		31
Long-term prepayments	3,608	3,976	3,478
<b>Long-term liabilities</b>	<b>74,714</b>	<b>41,593</b>	<b>41,287</b>
<b>Short-term liabilities</b>			
Trade liabilities and other liabilities	65,514	63,077	83,093
Factoring liabilities	6,442	5,023	4,983
Liabilities related to the purchase of shares		34,733	34,733
Current tax liabilities	96	287	1,146
Loans, credits, other debt instruments	28,708	33,057	35,130
Finance lease	3,761	3,589	3,189
Employee benefit liabilities	3,735	14,202	10,757
Other short-term provisions	543		280
Short-term prepayments	1,490	1,357	1,928
Liabilities related to fixed assets held for sale			
<b>Short-term liabilities</b>	<b>110,289</b>	<b>155,325</b>	<b>175,239</b>
<b>Total provisions</b>	<b>185,003</b>	<b>196,918</b>	<b>216,526</b>
<b>Total equity and liabilities</b>	<b>317,410</b>	<b>295,603</b>	<b>325,471</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Book value	132,407	98,684	108,945
Number of shares (items)	6,888,539	6,888,539	6,888,539
Diluted number of shares (items)	7,989,984	6,888,539	6,888,539

### BOOK VALUE PER ORDINARY SHARE (PLN)

	30/06/2018	30/06/2017	31/12/2017
Book value of one share	19.22	14.33	15.82
Diluted book value per one share	16.57	14.33	15.82



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<b>Continued activities</b>		
<b>Sale revenues</b>	<b>277,993</b>	<b>248,798</b>
Revenue from the sale of services	203,104	173,200
Revenue from the sale of goods and materials	74,889	75,597
<b>Cost of sales</b>	<b>232,967</b>	<b>208,081</b>
Costs of services sold	161,326	134,845
Cost of goods and materials sold	71,641	73,237
<b>Gross profit (loss) on sales</b>	<b>45,026</b>	<b>40,717</b>
Selling costs	15,968	11,631
Administrative expenses	18,345	17,838
Other operating revenue	1,373	1,008
Other operating expenses	1,657	940
Profit (loss) on the sale of subsidiaries (+/-)		
<b>Operating profit (loss)</b>	<b>10,429</b>	<b>11,316</b>
Financial income	176	101
Financial costs	3,950	4,026
Share in the profit (loss) of entities measured using the equity method (+/-)		
<b>Profit (loss) before taxation</b>	<b>6,655</b>	<b>7,391</b>
Income tax	1,528	1,516
<b>Net profit (loss) on continued activities</b>	<b>5,127</b>	<b>5,875</b>
<b>Discontinued Activity</b>		
Net profit (loss) on discontinued operations		
<b>Net profit (loss) - share of:</b>		
- the parent company shareholders	4,872	5,952
- non-controlling shares	255	-77

Average weighted number of ordinary shares (items)	6,888,539	6,888,539
Average weighted diluted number of ordinary shares (items)	7,040,672	6,888,539

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
on continued operations		
- basic	0.71	0.86
- diluted	0.69	0.86
on continued and discontinued operations		
- basic	0.71	0.86
- diluted	0.69	0.86

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<b>Net profit (loss)</b>	<b>5,127</b>	<b>5,875</b>
<b>Other comprehensive income</b>		
<b>Items not carried as financial profit or loss</b>		
<b>Items carried as financial profit or loss</b>		
<b>Comprehensive income</b>	<b>5,127</b>	<b>5,875</b>
<b>Comprehensive income - share of:</b>		
- the parent company shareholders	4,872	5,952
- non-controlling shares	255	-77

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Parent company shareholding					Non-controlling shares	TOTAL EQUITY
	Share capital	Share premium	Other Capitals	Retained profits	Total		
<b>As at 01/01/2018</b>	<b>1,378</b>	<b>44,960</b>	<b>1,459</b>	<b>59,425</b>	<b>107,222</b>	<b>1,723</b>	<b>108,945</b>
Changes in accounting policies							
Error Correction							
<b>Balance after changes</b>	<b>1,378</b>	<b>44,960</b>	<b>1,459</b>	<b>59,425</b>	<b>107,222</b>	<b>1,723</b>	<b>108,945</b>
<b>Changes in equity in the period from 01/01 to 30/06/2018</b>							
Issue of shares		18,115	220		18,335		<b>18,335</b>
Business combination							
Option measurement (share-based payment programme)							
Changes in the group structure (transactions with non-controlling parties)							
Dividends							
Financial result recognised as equity							
<b>Total transactions with shareholders</b>		<b>18,115</b>	<b>220</b>				<b>18,335</b>
Net profit for the period from 01/01 to 30/06/2018				4,872	4,872	255	<b>5,127</b>
Other comprehensive income after taxation in the period from 01/01 to 30/06/2018							
<b>Total comprehensive income</b>				<b>4,872</b>	<b>4,872</b>	<b>255</b>	<b>5,127</b>
<b>As at 30/06/2018</b>	<b>1,378</b>	<b>63,075</b>	<b>1,679</b>	<b>64,298</b>	<b>130,429</b>	<b>1,978</b>	<b>132,407</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Parent company shareholding					Non-controlling shares	TOTAL EQUITY
	Share capital	Share premium	Other Capitals	Retained profits	Total		
<b>As at 01/01/2017</b>	<b>1,378</b>	<b>44,960</b>	<b>1,459</b>	<b>43,043</b>	<b>90,840</b>	<b>1,969</b>	<b>92,809</b>
Changes in accounting policies							
Error Correction							
<b>Balance after changes</b>	<b>1,378</b>	<b>44,960</b>	<b>1,459</b>	<b>43,043</b>	<b>90,840</b>	<b>1,969</b>	<b>92,809</b>
<b>Changes in equity in the period from 01/01 to 30/06/2017</b>							
Issue of shares							
Business combination							
Option measurement (share-based payment programme)							
Changes in the group structure (transactions with non-controlling parties)							
Dividends							
Financial result recognised as equity							
<b>Total transactions with shareholders</b>							
Net profit for the period from 01/01 to 30/06/2017				5,982	5,952	-77	<b>5,875</b>
Other comprehensive income after taxation in the period from 01/01 to 30/06/2017							
<b>Total comprehensive income</b>				<b>5,982</b>	<b>5,952</b>	<b>-77</b>	<b>5,875</b>
<b>As at 30/06/2017</b>	<b>1,378</b>	<b>44,960</b>	<b>1,459</b>	<b>48,994</b>	<b>96,792</b>	<b>1,892</b>	<b>98,684</b>

## CONSOLIDATED CASH FLOW STATEMENT

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017 (restated)
<b><i>Cash flow from operating activity</i></b>		
<b>Profit (loss) before taxation</b>	<b>6,655</b>	<b>7,391</b>
<b><i>Adjustments:</i></b>		
Depreciation and amortisation of fixed assets	4,113	3,830
Impairment loss on financial assets		
Profit (loss) on the sale of non-financial fixed assets	-2	39
Profit (loss) on the sale of financial assets (other than derivatives)		
Exchange difference gains (losses)		
Interest expense	2,142	1,257
Interest and dividend income	-796	-2
<b>Total adjustments</b>	<b>5,457</b>	<b>5,125</b>
Change in inventories	12,180	1,267
Change in receivables	18,539	-14,268
Change in liabilities	-24,665	-1,925
Change in provisions and prepayments	-1,943	-1,039
Consolidation adjustments		975
<b>Changes in working capital</b>	<b>4,111</b>	<b>-14,990</b>
Interest paid on operating activities		
Taxes paid	-3,214	-2,912
<b>Net cash flows provided by operating activities</b>	<b>13,009</b>	<b>-5,387</b>

## CONSOLIDATED CASH FLOW STATEMENT

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<b><i>Cash flow from investing activity</i></b>		
Expenses to purchase fixed assets	-3,740	-4,662
Inflows from the sale of fixed assets	177	112
Net expenses to purchase subsidiaries less cash of such subsidiaries	-34,433	-16,003
Received repayments of loans granted	1,616	1,648
Loans granted	-1,630	-10
Expenses to purchase other financial assets	-250	
Inflows from the sale of other financial assets		
Interest income	16	73
Cash from business combination		
<b>Net cash flows provided / (used) by investing activities</b>	<b>-38,244</b>	<b>-18,844</b>
<b><i>Cash flows from financial activity</i></b>		
Inflows from the issue of shares	18,335	
Bond issue		20,000
Redemption of debt securities	-20,000	
Inflows from loans and credits contracted	68,283	10,262
Repayment of loans and advances	-21,536	-327
Repayment of financial lease liabilities	-2,200	-1,733
Interest paid	-2,412	-775
Factoring inflows	17,333	9,523
Repayment of factoring liabilities	-15,875	-8,467
Fees on loans paid	-366	
<b>Net flows provided / (used) by financing activities</b>	<b>41,562</b>	<b>28,483</b>
<b>Total net cash flows</b>	<b>16,327</b>	<b>4,252</b>
<b>Net change in cash and cash equivalents</b>	<b>16,327</b>	<b>4,252</b>
Cash and cash equivalents at period beginning	11,447	5,113
<b>Cash and cash equivalents at period end</b>	<b>27,774</b>	<b>9,365</b>

### SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

#### **1. Rules applied during the preparation of these interim abbreviated consolidated financial statements, including information about changes to accounting policies (rules)**

##### **1.1 Drawing up basis**

The interim abbreviated consolidated financial statements of the Group (consolidated financial statements) concern the period of 6 months ended on 30 June 2018 and contain the comparable data for the period of 6 months ended on 30 June 2017 and as at 31 December 2017.

The consolidated financial statements as at 30 June 2018 and as at 30 June 2017 were not audited by a statutory auditor.

The published consolidated financial data of the Group were presented as comparable data, with the exception of the presentation of:

- liabilities concerning the purchase of shares and participations as at 30 June 2017 in the amount of kPLN 34,733. In the statement of financial position as at 30 June 2017, these liabilities were presented in item 'Trade liabilities and other liabilities'. As of the 2017 financial statements, the liabilities concerning the purchase of shares and participations are recognised in a separate item.

The amendment concerns also the interim separate financial statements (financial statements) of the Parent Company (Company) for the first half of 2017.

- long-term liabilities related to the bonds issued as at 30 June 2017 in the amount of kPLN 20,000. In the statement of financial position as at 30 June 2017, these liabilities were presented in item 'Loans, credits, other debt instruments'. As of the 2017 financial statements, the liabilities related to the bonds issued are recognised in a separate item.

The amendment concerns also the separate financial statements of the Parent Company for the first half of 2017.

- inflows and outflows under factoring agreements for the first half of 2017, previously recognised in item 'Change in liabilities'. As of the 2017 statements, the inflows and outflows under factoring agreements are presented in the consolidated cash flow statement in the flows from financing activities.

- net inflows concerning the acquisition of subsidiaries less cash of such entities in the first half of 2017 previously disclosed separately in items 'Net expenses to purchase subsidiaries' and 'Cash from business combination'. As of the 2017 statements, the inflows and outflows from the acquisition of subsidiaries are presented jointly in the consolidated cash flow statement.

Additionally, in order to maintain the comparability of financial data presented in the consolidated statements, the Group adjusted the financial data for the first half of 2017 as regards the presentation of the operating lease, which should have been recognised as financial lease in one of the Group's companies.

In result of the adjustment, the value of fixed assets and the balance sheet total as at 30 June 2017 increased by kPLN 886. The value of long-term and short-term liabilities rose by, respectively, kPLN 594



## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

and kPLN 292. The value of depreciation/amortization for the first half rose by kPLN 74 and the cost of external services was decreased by the same amount. The adjustment did not impact the equity and the net result of the Group for the first half of 2017.

These consolidated financial statements were presented in accordance with IAS 34 *Interim Financial Reporting* with the application of the principles of valuation of assets and liabilities and the measurement of the net financial result as defined at the end of the reporting period. They were drawn up in using the historical cost principle, with the exception of derivative financial instruments, which were carried at fair value.

The consolidated financial statements do not contain all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These financial statements should be read together with the consolidated financial statements of the Group for the year 2017 as published on 10 April 2018.

The functional currency of the parent company and its subsidiaries is the Polish zloty. The presentation currency of the Group is the Polish zloty.

All values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated

The consolidated interim financial statements was prepared in accordance with the going concern principle. As at the date of the approval of these consolidated financial statements for publication there are no circumstances which may pose a risk to the going concern assumption with regard to the Group companies.

### 1.2 Accounting Policies

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union.

As at the date of the approval of these consolidated statements for publication, considering the existing process of implementation of IFRS standards in the EU and the Group's operations, there are no differences between the IFRS standards that have come into effect and IFRS standards approved by the EU as regards the accounting principles applied by the Group. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The accounting policies applied during the preparation of the interim abbreviated consolidated financial statements are compliant with the ones applied during the annual the preparation of the Group's consolidated annual financial statements for the year ended on 31 December 2017, with the exception of the application of the following revisions of the standards and new interpretations effective for annual periods beginning on or after 01 January 2018:

#### New and amended standards and interpretations applied

In these interim abbreviated consolidated financial statements , the following new standards and amendments to the existing standards which entered into force as of 1 January 2018 were applied for the first time:

- IFRS 15 *Revenue from Contracts with Customers* IFRS 15 introduced a new five-step model framework of measurement and recognition of sale revenue in accordance with which the

revenue should be recognised in the amount of the consideration to which the entity expects to be entitled to and when and as they reflect the Group's performance obligation or delivery of goods. Depending on the satisfaction of the criteria defined in the standard, the revenue may be recognised at a point in time (when the control over goods and services is transferred onto the customer) or over time as the performance obligation is satisfied. The Group analysed particular categories of revenues and the contracts executed in terms of the impact of the application of IFRS 15 on the way of recognition of the revenue, including in particular the moment and amount of revenue recognised, as well as verified the correctness of presentation of particular categories of revenue. On the basis of the analysis made it was found that the application of the IFRS 15 did not have any significant impact on the Group's financial statements.

- *IFRS 9 Financial Instruments.* IFRS 9 replaces IAS 39. The standard introduces one model providing for only two categories of classification of financial assets: measured at fair value and measured at amortised cost. The classification is made at the time the financial asset is initially recognised and depends on the financial instrument management model adopted by the entity as well as the characteristics of the contractual cash flows from these instruments. IFRS 9 introduces a new model of determining the impairment loss charges – expected credit loss model. Most requirements of IAS 39 concerning the classification and measurement of financial liabilities were transferred to IFRS 9 unchanged. The key change consists in the obligation to present in other comprehensive income the effects of changes of own credit risk due to financial liabilities designated as at fair value through profit or loss. The Group applied IFRS 9 retroactively, but took advantage of the possibility to refrain from the restatement of data concerning comparable periods. In consequence, the comparable information is still based on the accounting policies as applied by the Group earlier and as described in the consolidated financial statements for the year ended on 31 December 2017. The analyses made show that IFRS 9 did not have a significant impact on the consolidated financial statements of the Group. In relation with the insignificant impact of IFRS 9 on the consolidated financial statements, the Group shall not present detailed reconciliation arrangements concerning changes made as at the adoption of the standard in a separate note.
- *Explanations to IFRS 15 Revenue from Contracts with Customers.* Explanations to IFRS 15 *Revenue from Contracts with Customers* provide additional information and clarifications concerning the main assumptions made in IFRS 15 concerning, without limitation, the identification of separate obligations to determine whether the company plays the role of an intermediary (agent) or is a main supplier of the goods and services (principal) and concerning the registration of revenue from licences. Besides the additional explanations, exemptions and simplifications were also introduced for first time adopters of the standard.
- *Amendments to IFRS 2: Clarifications of Classification and Measurement of Share Based Payment Transactions.* The amendment to IFRS 2 introduces, without limitation, guidelines concerning the fair value measurement of liabilities concerning share-based transactions settled in cash, guidelines concerning the reclassification from share-based transactions settled in cash to share-based transactions settled in equity instruments, as well as guidelines concerning the recognition of the employee's tax liabilities concerning share-based transactions.
- *Amendments to IFRS 4: Adoption of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts.* Amendments to IFRS 4 *Insurance Contracts* address the question of application of the

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

new standard IFRS 9 *Financial Instruments*. The amendments to IFRS 4 published complement the options already existing in the standards and their aim is to prevent temporary fluctuations of results of insurance sector companies in relation with the adoption of IFRS 9.

- Amendments to IFRS 2014 - 2016. 'Amendments to IFRS 2014-2016' amend 3 standards: IFRS 12 *Disclosure of Interests in Other Entities*, IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 28 *Investments in Associates*. The improvements contain clarifications and changes concerning the standard scope, recognition and measurement as well as contain terminological and editing changes. The amendments to IFRS 12 are applicable to annual periods beginning on or after 01 January 2017. The remaining amendments, in turn, are mandatory as of 01 January 2018.
- Amendments to IAS 40: *Transfers of Investment Property*. The amendments to IAS 40 clarifying the requirements related to reclassification to and from investment properties.
- IFRIC 22: *Foreign Currency Transactions and Advance Consideration*. IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

### Published standards and interpretation that are not effective and have not been applied anticipatively by the Group

The Group decided against the application in these interim abbreviated financial consolidated statements of the following published standards, interpretations or amendments to the existing standards anticipatively before their effective dates:

- IFRS 16 *Leases*. IFRS 16 *Leases* applies to annual periods beginning on or after 1 January 2019. The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases. All lease transaction result in the lessee's obtaining the right-of-use asset and a payment obligation liability. Consequently, IFRS 16 eliminates the operating lease and finance lease classification as per IAS 17 and introduces a single model of accounting lease recognition by the lessee. The lessee shall be obliged to recognise: (a) assets and liabilities for all lease transactions with a lease term of over 12 months, with the exception of a situation that the underlying asset has a low value; and (b) depreciation of the leased asset separately from the interest on lease liability in the income statement. IFRS 16 substantially leaves the IAS 17 regulations concerning the approach to lessor accounting unchanged. In consequence, the lessor continues to classify leases as operating or finance, varying the accounting approach as appropriate. The Group shall adopt IFRS 16 as of 01 January 2019.
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation*. The amendment to IFRS 9 is effective for annual periods beginning on or after 01 January 2019 and an earlier application is permitted. In consequence of this amendment to IFRS 9, entities will be able to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income, if a defined condition is met - instead of a measurement at fair value through profit or loss. The Group shall apply the above-mentioned changes as of 1 January 2019. The Group expects that upon initial recognition the amendments will not have a significant impact on the Group's consolidated financial statements. As at the date of these interim abbreviated consolidated financial statements, the amendment had not been approved by the European Union.

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

- **IFRS 17 *Insurance Contracts*.** IFRS 17 Insurance Contracts was published by the International Accounting Standards Board on 18 May 2017 and is effective for annual periods beginning on or after 01 January 2021. The new IFRS 17 *Insurance Contracts* shall replace the current IFRS 4, which allows a varied practice related to the settlement of insurance contracts. IFRS 17 shall substantially change the accounting of all entities that deal with insurance contracts and investment contracts. The Group shall apply IFRS 17 after its endorsement by the European Union. As at the date of these interim abbreviated consolidated financial statements, the amendment had not been approved by the European Union.
- **Amendments to IAS 28 *Investments in Associates and Joint Ventures*.** This amendment is effective for annual periods beginning on or after 01 January 2019. Amendments to IAS 28 *Investments in Associates and Joint Ventures* clarify that entities apply IFRS 9 to long-term interests in associates or joint ventures to which the equity method is not applied. Additionally, the Board also published an example illustrating the application of the requirements of IFRS 9 and IAS 28 to long-term interests in associates or joint ventures. The Group shall apply the above-mentioned changes as of 1 January 2019. The Group expects that upon initial recognition the amendments will not have a significant impact on the Group's consolidated financial statements. As at the date of these consolidated financial statements, the amendment had not been approved by the European Union.
- **IFRIC 23: *Uncertainty over Income Tax Treatments*.** IFRIC 23 explains the requirements concerning recognition and measurement contained in IAS 12 in case of uncertainty over the income tax treatment. The guidelines are effective for annual periods beginning on or after 01 January 2019. The Group shall apply the above-mentioned changes as of 1 January 2019. The Group expects that upon initial recognition the amendments will not have a significant impact on the Group's consolidated financial statements. As at the date of these consolidated financial statements, the amendment had not been approved by the European Union.
- **Annual Improvements to IFRSs 2015-2017 Cycle.** In December 2017, the International Accounting Standards Board issued *Annual Improvements to IFRSs 2015-2017 Cycle*, which amend 4 standards: IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*. The improvements explain and clarify the standard guidelines concerning recognition and measurement. The Group shall apply the above-mentioned changes as of 1 January 2019. The Group expects that upon initial recognition the amendments will not have a significant impact on the Group's consolidated financial statements. As at the date of these consolidated financial statements, the amendments had not been approved by the European Union.
- **IAS 19 *Employee Benefits*** The amendments to IAS 19 are effective for annual periods beginning on or after 01 January 2019. The amendments to this standard define the requirements related to the accounting approach to defined benefit plan amendment, curtailment or settlement. The Group shall apply the above-mentioned changes as of 1 January 2019. The Group expects that upon initial recognition the amendments will not have a significant impact on the Group's consolidated financial statements. As at the date of these consolidated financial statements, the amendment had not been approved by the European Union.
- **IFRS 14 *Regulatory Deferral Accounts*.** The standard permits entities which are first-time adopters (as of 1 January 2016 or later) of International Financial Reporting Standards to continue to

account for regulatory deferral account balances in accordance with its previous GAAP. To improve comparability with entities who already adopted the International Financial Reporting Standards and do not disclose such balances, pursuant to the IFRS 14 published the regulatory deferral account balances should be presented separately both in the statement of financial position, the statement of profit or loss and the statement of other comprehensive income. By virtue of decision of the European Union, IFRS 14 shall not be endorsed.

- Amendments to IFRS 10 and IAS 28 concerning the sales or contributions of assets between an investor and its associates or joint ventures. The amendments resolve the current conflict between the requirements of IFRS 10 and IAS 28. The recognition depends on the fact whether the non-cash assets sold or contributed to an associate or joint venture constitute a business. When the non-cash assets constitute a business, the investor recognises the full gain or loss resulting from the transaction. If the assets do not meet the definition of a business, the investor recognises a gain or loss only to the extent of unrelated investors' interests. The amendments were published on 11 September 2014. The effective date concerning the amended regulations has not been determined by the International Accounting Standards Board. As at the date of these consolidated financial statements, the endorsement of this amendment had been postponed by the European Union.

### 1.3 Principle of Materiality

Given information is material when its omission or misstatement may influence the economic decisions that users make on the basis of the financial statements.

The materiality of information depends on the item or error amount – as judged in the given circumstances – in case the given item is omitted or misstated. Therefore, materiality constitutes a threshold or a limit and not a fundamental feature the given information must have to be useful.

The principle of materiality concerns presentation in the financial statements of such information that is useful and binding in case of an assessment of the economic and financial situation and of the financial result.

The principle of materiality concerns the presentation of the economic and financial situation as well as the financial result in the financial statements.

In case of the Group, the following materiality criteria have been adopted:

- 1% of the balance sheet total for the current financial year, or
- 0.5% of total revenue for the previous financial year.

In the assessment of materiality, the value assumed is the lower of values determined on the basis of the above-mentioned criteria.

The application of the principle of materiality means that detailed requirements concerning disclosures as imposed by the standard or interpretation may not be met if the given information is not material.

### 1.4 Estimation Uncertainty

When preparing these consolidated financial statements, the Parent Company's Management Board uses its best judgement to make the estimates and assumptions that influence the accounting policies (rules)

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

applied and the presented values of assets, liabilities, revenue and costs. The actually realised values may differ from the estimates made by the Management Board.

Information about the estimates and assumptions that are material for the consolidated financial statements have been presented in the consolidated financial statements for the year 2017.

### 2. Description of the organisation of the Issuer's group and indication of consolidated entities

The OEX S.A. Group comprises:

#### - the parent company - OEX S.A.

OEX S.A. (Company, Parent Company, Issuer) was established in consequence of a transformation of Tell Sp. z o.o. on the basis of a Resolution of the Extraordinary General Meeting of Shareholders No. 1 of 15 November 2004.

The Company is entered into the register of companies of the National Court Register maintained by the District Court for the capital city of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, under number KRS 0000222514.

The Company received the following statistical number (REGON): 630822208. 'OEX S.A.' is a new business name of a company previously trading as 'TELL S.A.', changed by virtue of resolution of the Extraordinary General Meeting of Shareholders dated 30 September 2015. The change was registered by the District Court for Poznań — Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register on 30 December 2015.

The shares of the parent company are listed at the Warsaw Stock Exchange.

The principal place of business of the parent company is at ul. Franciszka Klimczaka 1, Warszawa (Warsaw).

The composition of the Management Board of the parent company as at the day of approval of the consolidated financial statements for publication, i.e. 6 September 2018, was the following:

Jerzy Motz	President of the Management Board
Rafał Stempniewicz	Member of the Management Board
Robert Krasowski	Member of the Management Board
Artur Wojtaszek	Member of the Management Board
Tomasz Słowiński	Member of the Management Board

The composition of the Supervisory Board of the parent company as at the day of approval of the consolidated financial statements for publication, i.e. 6 September 2018, was the following:

Piotr Beaupre	Chairman of the Supervisory Board
Michał Szramowski	Member of the Supervisory Board
Tomasz Mazurczak	Member of the Supervisory Board
Piotr Cholewa	Member of the Supervisory Board
Tomasz Kwiecień	Member of the Supervisory Board

Since 1 February 2016, OEX S.A. has only carried out holding activity, providing for the benefit of companies from its Group, a number of services supporting their operational business such as, without



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limitation, HR and payroll services, legal and compliance support, strategic consulting, controlling, finance, and public relations.

### - Subsidiaries as presented in the following table:

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 Sp. z o.o.	ul. Dmowskiego 17, 50-203 Wrocław	51.03	
ArchiDoc S.A.	ul. Niedźwiedziniec 10, 41-506 Chorzów	100	
Archidoc EDM Sp. z o.o.	ul. Niedźwiedziniec 10, 41-506 Chorzów	0	100
Voice Contact Center Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
Connex Sp. z o. o. in liquidation	ul. Forteczna 19A, 61-362 Poznań	100	

Companies subject to consolidation:

- Europhone Sp. z o.o.
- PTI Sp. z o.o.
- OEX Cursor S.A. (since 01/03/2015)
- Divante Sp. z o.o. (since 01/03/2015)
- Tell Sp. z o.o. (since 01/01/2016)
- Pro People Sp. z o.o. (since 01/07/2016)
- Merservice Sp. z o.o. (since 01/09/2016)
- ArchiDoc S.A. (since 01/01/2017)
- Voice Contact Center Sp. o.o. (since 01/01/2017)
- OEX E-Business Sp. z o.o. (since 22/03/2017)
- Archidoc EDM Sp. z o.o. (since 18/04/2018).

The Group also comprises Connex Sp. z o.o. in liquidation seated in Poznań. It is not subject to consolidation and as regards the shares in that company, OEX S.A. made impairment charges equal to 100% of the value of the shares.

In the first half of 2018, the District Court for Gdańsk-Północ in Gdańsk, VI Commercial Division, by virtue of decision dated 19 February 2018 declared the bankruptcy of TOYS4BOYS Sp. z o.o. with registered office in Gdańsk. The OEX Group held 30 % of shares in the said Company. All the shares were covered by impairment charges in previous financial years. TOYS4BOYS Sp. z o.o. was not subject to consolidation within the OEX Group.

The object of the business of the Group companies is to provide services for the business.

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

The description of the objects of business of particular subsidiaries is given in item 3 of the supplementary notes to the consolidated financial statements.

### 3. Operating segments

Since 01 January 2017, the OEX Group has had 4 operational segments:

- Retail Sale Network Management Segment
- Sale Support Segment
- E-business Segment
- BPO Segment (previous name - 'Back Office and Customer Service')

#### 3.1 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 T-Mobile network services is ensured by Europhone Sp. z o. o., the sale of the PLUS network services is ensured by PTI Sp. z o. o., and the sale of the Orange network services until 31/01/2016 was ensured by OEX S.A., and as of 1 February 2016, by Tell Sp. z o.o. The Group achieved its position by a gradual and consistent increase of the number of its own stores and acquisition of smaller store operators.

Number of stores as at the end of the reporting half-year period

	as at 30/06/2018	as at 30/06/2017	change y/y in pcs.	y/y in %
Orange network stores	127	133	-6	95.4%
T-Mobile network stores	97	98	-1	99.0%
Plus network stores	68	69	-1	98.5%
<b>Total stores</b>	<b>292</b>	<b>300</b>	<b>-8</b>	<b>97.3%</b>

Average number of stores in the reporting period

	average in the period from 01/01. to 30/06/2018	average in the period from 01/01. to 30/06/2017	change y/y in pcs.	y/y in %
Orange network stores	127	133	-6	95.4%
T-Mobile network stores	99	98	1	101.0%
Plus network stores	68	69	-1	98.5%
<b>Total stores</b>	<b>294</b>	<b>300</b>	<b>-6</b>	<b>98.0%</b>

Revenue volumes and breakdown - the retail sale network management segment



## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

	01/01 to 30/06/2018	01/01 to 30/06/2017	2018/2017 in %
Revenue from the sale of telecommunication services	52,985	50,932	104.03%
Sets and pre-paid refills	5,490	6,888	79.70%
Postpaid contract phones	44,833	54,384	82.43%
Other revenue	5,597	4,324	129.44%
Total	108,905	116,529	93.45%

	01/01 to 30/06/2018	01/01 to 30/06/2017	2018/2017 in %
Service sale volume			
Postpaid activations	345,755	281,530	122.81%
Prepaid activations	46,188	86,649	53.30%
Total	391,943	368,179	106.46%

### 3.2 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. Services provided by the companies as part of their business support the sale of clients' products and services and contribute to the improvement of digital distribution. The services also comprise activities aimed at building and increasing consumer loyalty to the brands promoted. 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 cooperation includes the process design, preparation of procedures and operating instructions, adjustment of IT systems to project requirements or creative and strategy activities all carried out under the EatMe brand owned by OEX Cursor SA. The provision of services also comprises the provision of human resources (teams of salesmen or sale advisers), as well as working tools (car fleet and IT systems). The cooperation may concern the team management as well as the management of entire processes and sale and marketing budgets of clients and may entail that the remuneration for the services rendered is linked to the performance of the KPIs assumed at the appropriate level.

Field activities are pursued in accordance with dedicated models (the team works exclusively for the given client) or shared models (the team pursues orders for a few or a few dozen clients at the same time).

The basic services offered to clients under this segment comprise:

- outsourcing of sales representatives
- merchandising
- examination of goods exposure and availability and communication standards
- product promotion services
- building of the brand creation strategy
- human resources management services

**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 tasks 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 goods and services. The sales representative outsourcing service is addressed to the entire market (modern, traditional and specialist sales). The activities are carried out in accordance with the ISO 9001:2008 standards.

**Merchandising** consists in the service related to the exposure of goods in commercial networks by on-site teams as well as the service provided to retail outlets by mobile teams (provided with appropriate vehicles). The service is rendered using IT tools. The work takes place in accordance with the ISO 9001:2008 compliant standards.

**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.

**Product promotion services** comprise activities related to a direct contact with the consumer. 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.

**HR services** - in this segment, also the HR management services, recruitment services and personnel lease services, i.e. object of the business of Pro People Sp. z o.o., are rendered.

### 3.3 E-business Segment

In the E-business segment provides services dedicated to e-commerce, including the areas of technology, marketing and fulfilment. The segment encompasses in whole the business of Divante Sp. z o.o. (area related to IT), as well logistic operations and purchasing process services carried out by OEX E-Business Sp. z o. o. (transferred as of 1 September 2017 from OEX Cursor S.A.).

The services for e-commerce provided by companies from the E-business segment are comprehensive services for companies involved in online sales or those which have offline sales but plan to expand to the online sale. The provision of such services may follow the end to end model and may comprise strategic consulting on the Internet commerce, creation of business plans, e-shop platform designing and creation on the basis of various technologies, e-marketing and traffic generation, platform usability optimisation (UX – user experience) as well as the logistic support for the e-sales, including warehousing, packaging, deliveries and sale registration for tax purposes as well as handling of returns and the help line. The services may also be rendered as individual components of the entire chain.

Fulfilment is the product logistics consisting in the product warehousing, preparation for dispatch at the client's or the consumer's order and delivery of the package to the designated address. The fulfilment services may be rendered as logistics for e-commerce (comprising both the area of b2b and b2c) and as logistics of the sale support products, i.e. a solution related to the management and distribution of marketing materials as well as the support of loyalty programmes and consumer promotions. Workshops and consultations on optimal process management, construction and provision of product and material

ordering supporting the sale and order delivery processes and management IT solutions integrated with the clients' systems are ensured as part of the services. As part of the loyalty and consumer programme logistic support, OEX's E-Business is responsible for the project strategy as well as the tactics: selection of products and prizes, negotiations with suppliers, collection of personal data, prize personalization and communication, distribution, tax registration settlements.

Services related to product, marketing materials and packaging purchase processing as well as those related to the search for and purchase of products for loyalty programmes and purchase organisation for the B2B segment clients consist in the market survey, recommendation of product purchase selection criteria, optimisation of the purchase costs and the 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 almost 30,000 sq.m. and capacity of 44,000 pallet places - based on WMS (warehouse management system). The operation quality consistency is ensured by ISO 9001:2008.

### 3.4 BPO Segment

The BPO (Business Process Outsourcing) segment's main services are document registration, sorting and processing. In effect, the client's systems have the available data, document scans, mail copies and call registrations in an electronic archive and the original documents are stored too. The central archive of paper documents located in Chorzów is managed by the proprietary system INDO and is one of the most modern in Poland. The second area of business in this segment comprises activities related to the services of all end client contact channels. These services are rendered by Voice Contact Center Sp. z o. o.

The services rendered by the BPO Segment comprise, inter alia:

1. Traditional archiving, scanning, digitalisation and electronic archiving (i.e. fast paper document processing and conversion into electronic documents on the basis of own software solutions of ArchiDoc S.A.) They ensure a limitation of the risk of loss of important data, guaranteeing smooth access to both the originals, digital copies and to the data therein contained.
2. The electronic document flow, i.e. a service aimed at automation, optimisation and improvement of document flow processes, as well as procedure arrangement and document flow control assurance. This service comprises an analysis of the client's needs, construction of dedicated solutions, implementation of the same and provision of support services. The projects include the performance of such tasks as inflowing document digitalisation or acceptance path process pursuit. The electronic document flow is implemented most often in processes related to the flow of orders, complaints and invoices that need to be handled on time.
3. Business process support. The offer of these services is personalised to suit the needs of specific branches, including: banks and insurance undertakings, telecoms, power engineering companies and companies providing services to the general population, public administration and large b2b enterprises. As part of this service, the client may entrust all the back-office processes to the contractor. The services will be provided in the location indicated by the client or in the contractor's location using the INDO software and own infrastructure.

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

The projects pursued as part of the business process support include, but are not limited to the following:

- for insurance undertakings - loss registration support, including event registration and assistance in emergencies, helpline, documentation support, incoming document office support;
- for financial institutions and public sector companies - digitalisation, incoming document office support, archiving, digital archive creation and management.

The document management and back office services are provided in modern operational centres located in Chorzów and Warsaw or in locations indicated by the clients or in a mixed model. The data are collected in two mutually independent data centres managed by Archidoc S.A. The added value is the offer concerning the performance of projects using the unique know-how and proprietary IT solutions. The system may be integrated with the INDO platform, which simplifies the back-office processes. The services are provided using restrictive security standards, which ensures maximum data and document protection level.

4. Client support services. The services are provided by Voice Contact Center Sp. z o.o. and the handling of calls, text messages, e-mails, chats, social media, as well as traditional correspondence and personal contact. These activities aim at, among other things, acquiring and maintaining the clients' loyalty, and upselling. Another area of activity is the client satisfaction survey, market survey and opinion polling as well as the survey of client service quality on the basis of our own research centre and a team of carefully selected and trained interviewers. Main services offered to clients are the following: client support centre management, helplines, image campaigns, phone traffic surplus servicing.

The projects pursued as part of the client support includes, but are not limited to the following:

- for medical companies - appointment scheduling, assistance in selecting a physician, commercial service upselling, remote diagnostics support;
- for retail and distribution companies - phone surveys, services supporting the sales, such as product and service helplines; selling, customer loyalty creation and maintenance, lead generation, reception and registration of agreements from various sale channels, data inputting, formal and legal support concerning returns, verification and validation of agreements, correspondence management, etc.

The services are provided in modern operational centres in Warsaw, Łódź and Lublin, where there are over 600 professional contact centre work stations.

# SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

## Revenues and results of operating segments:

	Sale network management	Sale Support	E-business	BPO	Not allocated	Total
<b>for the period from 01/01 to 30/06/2018</b>						
Revenue from external customers	108,905	59,937	75,328	33,804	20	277,993
Revenue from the sales between segments	14	1,489	1,250	56	3,072	5,882
Total revenue	108,919	61,426	76,578	33,860	3,092	283,875
Segment's operating result	6,815	1,926	856	3,169	-2,337	10,429
Financial income						177
Financial costs						3,950
Gross profit						6,655
Income tax						1,527
Net profit						5,127
<b>EBITDA</b>	<b>7,764</b>	<b>3,007</b>	<b>1,836</b>	<b>4,166</b>	<b>-2,231</b>	<b>14,542</b>
Amortisation and depreciation	949	1,081	980	997	106	4,113
<b>For the period from 01/01 to 30/06/2017 (restated)</b>						
Revenue from external customers	116,529	49,050	54,446	28,770	4	248,798
Revenue from the sales between segments	190	705	681	142	2,380	4,097
Total revenue	116,719	49,754	55,127	28,911	2,384	252,895
Segment's operating result	6,426	2,943	549	2,851	-1,453	11,316
Financial income						101
Financial costs						4,026
Gross profit						7,391
Income tax						1,516
Net profit						5,875
<b>EBITDA</b>	<b>7,526</b>	<b>3,884</b>	<b>1,374</b>	<b>3,787</b>	<b>-1,425</b>	<b>15,146</b>
Amortisation and depreciation	1,100	941	824	936	28	3,830

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

### Geographical areas - revenues:

	01/01 to 30/06/2018	01/01 to 30/06/2017
Poland	249,857	233,352
Europe	27,893	15,312
Asia	141	26
Africa	3	19
North America	99	89
Total	277,993	248,798

### 4. Explanations concerning the seasonality or cyclicity of the issuer's activities in the presented period

The seasonality of sales in the mobile phone service sector (the Retail Sale Network Management segment - of companies: Tell sp. z o.o., Europhone Sp. z o.o. and PTI Sp. z o.o.) is visible mainly in the growth of the sales in the fourth quarter, especially in December. Sometimes, the natural cycle of seasonality is modified in consequence of marketing activities of operators.

The characteristic feature of the business of OEX Cursor S.A., Merservice Sp. z o.o., OEX E-Business Sp. z o.o. and Divante Sp. z o.o. (segments Sale Support and E-business) is the seasonality of sales, which is such that the first quarter of each financial year is the period decidedly different from the remaining quarters and constitutes approximately 20% of the annual sales. The second and third quarters are similar in terms of revenues and each one of them constitutes - historically - approximately 25% of the sale value. The highest sales are noted in the fourth quarter - approximately 30% of the annual sales. In the fourth quarter, there is increased demand for products in the pre-Christmas period. The intensity of promotional projects and the logistics of marketing materials and goods distributed directly to the consumers under e-commerce projects is growing. Lower sale values on the first quarter of the year result from reduced orders made by traditional commerce in the post-Christmas period. New projects, whose functional cycle spans annual periods, start with lower intensity, acquisition of IT projects to be followed is in progress. Such project will be carried out in the second, third and fourth quarter.

In case of the BPO segment companies and Pro People Sp. z o.o., the cyclicity phenomenon is marginal.

### 5. Information on the impairment of inventories to the net realisable value and reversal of impairment charge

Impairment of inventories:

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017	from 01/01 to 31/12/2017
<b>State as at period beginning</b>	<b>691</b>	<b>616</b>	<b>616</b>
Loss expensed as cost in the period	395		75
Reversal of impairments in the period (-)		-4	
Increase by business			
<b>State as at period end</b>	<b>1,086</b>	<b>612</b>	<b>691</b>

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

### 6. Information about impairment of financial assets or other assets and on the reversal of impairment charges

Impairment of receivables and loans:

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017	from 01/01 to 31/12/2017
<b>State as at period beginning</b>	<b>4,397</b>	<b>3,457</b>	<b>3,457</b>
Loss expensed as cost in the period	311	174	1,394
Reversal of impairments carried as revenue in the period	-3	-26	-368
Provisions used	-173	-56	-576
Increase by business		170	490
<b>State as at period end</b>	<b>4,532</b>	<b>3,719</b>	<b>4,397</b>

### 7. Information on the creation, increase, utilisation and write-back of provisions

The value of provisions recognised in the abbreviated consolidated financial statements and changes thereto in particular periods have been as follows:

	Provisions for long-term employee benefits	Other provisions, including provisions for:				
		Accrued holiday s	Payroll costs	Other costs	Other benefits	Total
For the period from 01/01 to 30/06/2018						
State as at period beginning	121	1,753	945			2,698
Provision increase carried as expense in the period		291	181		8	480
Provision increase carried as income in the period (-)			-596			-596
Utilisation of provisions (-)		-177	-108			-285
Increase in result of business combination						
Other changes (net exchange differences on conversion)						
Provisions as at 30/06/2018	121	1,867	423		8	2,297
For the period from 01/01 to 30/06/2017						
State as at period beginning	82	1,607	171			1,778
Provision increase carried as expense in the period		222	1,006			1,229
Provision increase carried as income in the period (-)		-27				-27
Utilisation of provisions (-)		-235	-64			-298
Increase in result of business combination	17	164			5	169
Other changes (net exchange differences on conversion)						

# SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

<b>Provisions as at 30/06/2017</b>	<b>99</b>	<b>1,731</b>	<b>1,114</b>		<b>5</b>	<b>2,850</b>
<b>For the period from 01/01 to 31/12/2017</b>						
State as at period beginning	82	1,607	171			1,778
Provision increase carried as expense in the period	5	489	918			1,407
Provision increase carried as income in the period		-244	-145			-389
Provisions utilised		-262				-262
Increase in result of business combination	34	164				164
Other changes (net exchange differences on conversion)						
<b>Provisions as at 31/12/2017</b>	<b>121</b>	<b>1,753</b>	<b>945</b>			<b>2,698</b>

## 8. Information about deferred tax assets and liabilities

	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>
<b>As at period beginning:</b>			
Deferred income tax assets	4,111	2,062	2,062
Deferred tax liabilities	-10,207	-8,747	-8,747
<b>Deferred tax at period beginning</b>	<b>-6,096</b>	<b>-6,685</b>	<b>-6,685</b>
Change in the period influencing:			
Result (+/-)	325	-51	522
Other comprehensive income (+/-)			
Deferred tax assets - acquisition		1,421	740
Deferred tax liabilities - acquisition		-1,314	-672
<b>Deferred tax at period end</b>	<b>-5,770</b>	<b>-6,629</b>	<b>-6,096</b>
Deferred income tax assets	4,703	4,536	4,111
Deferred tax liabilities	-10,473	-11,165	-10,207

## 9. Information about material transactions of acquisition and disposal of tangible and intangible fixed assets

The table below presents the acquisitions and disposals as well as impairment charges concerning tangible fixed assets:

	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Other fixed assets</b>	<b>In construction</b>	<b>Total</b>
<b>for the period from 01/01 to 30/06/2018</b>					
Net carrying amount as at 01/01/2018	6,349	4,506	11,612	770	23,238
Other increase / decrease (-)		-72			-72
Increase (acquisition, production, lease)	785	4,048	941	1,176	6,950
Disposal by a sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-5	-57	-110	-970	-1,142



## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-1,070	-1,383	-791		-3,244
Impairment losses					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2018	6,060	7,043	11,652	976	25,730
<b>for the period from 01/01 to 30/06/2017</b>					
Net carrying amount as at 01/01/2017	3,226	3,411	6,399	1,009	14,046
Acquisition by a business combination	1,956	771	4,099	25	6,851
Increase (acquisition, production, lease)	1,290	1,473	1,287	1,149	5,199
Disposal by a sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-36	-200	-53	-733	-1,022
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-1,145	-1,101	-678	-96	-3,020
Impairment losses					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2017	5,292	4,354	11,054	1,354	22,054
<b>for the period from 01/01 to 31/12/2017</b>					
Net carrying amount as at 01/01/2017	3,226	3,411	6,399	1,009	14,046
Acquisition by a business combination	1,956	771	4,099	25	6,851
Increase (acquisition, production, lease)	3,351	2,687	2,911	2,301	11,250
Disposal by a sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-39	-462	-303	-2,566	-3,370
Other changes in the value	203	354			557
Depreciation and amortisation (-)	-2,348	-2,255	-1,494		-6,097
Impairment losses					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
<b>Net carrying amount as at 31/12/2017</b>	<b>6,349</b>	<b>4,506</b>	<b>11,612</b>	<b>770</b>	<b>23,238</b>

The table below presents the acquisitions and disposals as well as impairment charges concerning intangible fixed assets:

	Trademark s	Programm es, licences	Other	In constructio n	Total
<b>for the period from 01/01 to 30/06/2018</b>					
Net carrying amount as at 01/01/2018	218	3,192	4,153	4,067	11,630
Acquisition by a business combination					
Increase (acquisition, production, lease)		589	602	1,315	2,506
Disposal by a sale of a subsidiary (-)					

## SUPPLEMENTARY NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

Decrease (disposal, liquidation) (-)				-521	-521
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-15	-508	-346		-869
Impairment losses					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2018	203	3,274	4,409	4,861	12,746
<b>for the period from 01/01 to 30/06/2017</b>					
Net carrying amount as at 01/01/2017	250	2,498	2,911	2,388	8,048
Acquisition by a business combination		194	1,094		1,288
Increase (acquisition, production, lease)		152	784	874	1,810
Disposal by a sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-15	-432	-384		-831
Impairment losses					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2017	235	2,413	4,405	3,140	10,193
<b>for the period from 01/01 to 31/12/2017</b>					
Net carrying amount as at 01/01/2017	250	2,498	2,911	2,388	8,048
Acquisition by a business combination		245	1,470		1,715
Increase (acquisition, production, lease)		1,372	489	2,920	4,781
Disposal by a sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-3	-18		-1,241	-1,261
Other changes in the value					
Depreciation and amortisation (-)	-30	-906	-716		-1,652
Impairment losses					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
<b>Net carrying amount as at 31/12/2017</b>	<b>218</b>	<b>3,192</b>	<b>4,153</b>	<b>4,067</b>	<b>11,630</b>

### 10. Information about material liabilities related to the purchase of tangible fixed assets

As at 30 June 2018, the Group did not have any material liabilities related to the purchase of tangible fixed assets.

### 11. Information about material settlements resulting from cases vindicated in court

In the period from 01 January 2018 to 30 June 2018, there were no material settlements related to cases vindicated in court in the Group.

### 12. Indication of adjustments of errors of previous periods

In the reporting period, there were no events resulting in the necessity to adjust errors of previous periods.

### **13. Information about changes in the economic situation and business conditions which have material impact on the fair value of financial assets and financial liabilities of the company**

There were no changes in the economic situation and business conditions which would have impact on the fair value of financial assets and financial liabilities.

### **14. Information about a failure to repay a loan or credit or about a violation of material provisions of a loan or credit agreement**

In the reporting period, there were no cases of a failure to repay a loan, payment of interest or any other terms and conditions of liability buyback. There were no cases of default on the terms and conditions of credit or loan agreements.

### **15. In case of financial instruments carried at fair value - information about a change of the method of its determination**

During the reporting period, there were no changes in the method (manner) of determination of financial instruments carried at fair value.

In the first half of 2018., the Group entered into 2 IRS transactions.

- On 28 February 2018, the Parent Company OEX S.A. entered into an IRS transaction agreement for a period of 36 with Bank Zachodni WBK for a nominal amount of kPLN 2,500; the transaction was valued as at 30 June 2018 at kPLN 30.

- On 24 April 2018, the Parent Company OEX S.A. entered into an IRS transaction agreement for a period of 36 months with ING Bank Śląski for a nominal amount of kPLN 2,500.

### **16. Information about a change in the classification of financial assets in consequence of a change of the purpose of utilisation of such assets**

In the reporting period, there were no changes in the classification of financial assets resulting from a change in the purpose or way of utilisation of such assets.

### **17. Information on the issue, redemption and repayment of non-share and equity securities**

On 18 January 2017, OEX S.A. placed an issue of 20,000 ordinary series A bearer bonds of the nominal value of PLN 1,000 each and the total nominal value of kPLN 20,000 . The bonds mature on 17 January 2020. The bonds were issued in accordance with the Resolution of the Management Board of OEX S.A. dated 2 December 2016 concerning the Bond Issue Programme, which may be pursued between 2017-

2019 up to the total maximal amount of PLN 56,000 thousand and the Resolution of the Management Board of OEX S.A. dated 21 December 2016 on the series A bond issue. The bonds will yield variable interest determined on the basis of the 6M WIBOR rate plus a margin. The bond issue took place in accordance with the procedure provided for in Art. 33 (2) of the Bonds Act. The bond acquisition proposals were made to individually designated addressees whose number was not higher than 149 persons. On 15 May 2017, the series A bonds were introduced to the trading in an alternative trading system organised by, respectively, the Warsaw Stock Exchange and BondSpot S.A. as part of the Catalyst market. The series A bonds were quoted in the alternative trading system - Catalyst since 26 May 2017, in the continuous trading system under the name of 'OEX0120'.

On 14 December 2017, the Group signed a loan agreement with ING Bank Śląski S.A. and Bank Zachodni WBK S.A. in order to refinance the Group's existing debt, including the redemption of the series A bonds. Pursuant to the Series A Bond Issue Terms and Conditions, OEX S.A. had a pre-emptive right to series A bonds. All 20,000 bonds of the A series were redeemed on 17 January 2018.

On 14 June 2018, the Extraordinary General Meeting of Shareholders of OEX S.A. took a decision on the increase of the Company's share capital from PLN 1,377,707.80 by an amount not lower than PLN 0.20 and not higher than PLN 220,289, i.e. up to the amount not lower than PLN 1,377,708.00 and not higher than PLN 1,597,996.80. The increase in the Company's share capital took place by the issue of not more than 1,101,445 ordinary series D bearer shares with the nominal value of PLN 0.20 each.

The series D shares were subscribed in exchange only for cash contributions before the registration of the share capital increase made by the issue of Series D Shares. The Series D Shares were issued for a private subscription only.

By virtue of Resolution of the Management Board of OEX S.A., the issue price of the ordinary series D bearer shares was established at PLN 17.00 per one Share Offered and the total number of Shares Offered as determined by the Management Board amounted to 1,101,445.

On 6 June 2018, the Management Board of the Company adopted a resolution on the allotment of the total of 1,101,445 ordinary series D bearer shares with the nominal value of PLN 0.20 each and the issue value of PLN 17 each and the total issue value of PLN 18,724,565.00, issued on the basis of the Issue Resolutions, to investors who signed the Offered Shares Subscription Agreement and made payments for the Shares Offered as per the terms and conditions of the Offered Shares Subscription Agreements executed.

The newly issued and paid up series D shares were registered by the National Court Register on 5 September 2018.

### **18. Information on the dividends paid (or declared), in total and as divided per share, with a breakdown into ordinary and preferential shares**

In the period covered by this half-yearly report, there were no dividends paid by OEX S.A. No dividend was declared either.

The Ordinary General Meeting of Shareholders of the Parent Company, which took place on 14 May 2018, resolved to allocate the net profit of OEX S.A. for 2017 in the amount of kPLN 7,557 in whole to the supplementary capital.

## 19. Indication of events occurring after the date of these abbreviated interim financial statements which were not included in the statements and which could significantly influence the future financial results of the Issuer

In the period covered by these abbreviated interim consolidated financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these interim consolidated financial statements do not comprise any significant events concerning the previous years.

After the date on which the interim abbreviated consolidated financial statements were made, there were the following significant events:

- On 5 September 2018, the District Court for the capital city of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, registered 1,101,445 series D shares in the Parent Company, which have the total nominal value of PLN 220,289.

## 20. Information on changes in contingent liabilities and contingent assets that occurred in the period after the end of the last financial year;

The value of contingent liabilities did not change significantly when compared to the end of the previous financial year. The Group does not have any contingent assets.

Liabilities to other parties:	30/06/2018	30/06/2017	31/12/2017
Guarantees originated	14,668	9,962	13,777
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			84
Disputed cases and cases in court related to the IRS			
Other Contingent Liabilities	4,888	5,925	4,725
<b>Total contingent liabilities</b>	<b>19,556</b>	<b>15,887</b>	<b>18,586</b>

## 21. Information about material changes in estimates

With the exception of disclosures made in items 5-8 herein, there were no material changes in estimates.

## SELECTED FINANCIAL DATA OF OEX S.A.

### SELECTED FINANCIAL DATA OF OEX S.A.

The basic items of the statement of financial position, statement of profit or loss and cash flow statements and the same values as converted into EUR are presented in the table:

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
	in k PLN		in k EUR	
<b>Statement of profit or loss</b>				
Sale revenues	3,092	2,246	729	529
Operating profit (loss)	-235	-235	-55	-55
Profit (loss) before taxation	12,137	7,813	2,863	1,839
Net profit (loss)	12,311	7,806	2,904	1,838
Earnings per share (PLN; EUR)	1.79	1.13	0.42	0.27
Diluted earnings per share (PLN; EUR)	1.75	1.13	0.42	0.27
Average exchange rate PLN / EUR in the period	X	X	4.2395	4.2474
<b>Cash Flow Statement</b>				
Net cash flows provided by operating activities	1,240	-1,378	293	-325
Net cash flows provided / (used) by investing activities	-33,411	-18,646	-7,881	-4,390
Net cash flows provided / (used) by financing activities	51,077	20,072	12,047	4,726
Total net cash flows	18,906	48	4,459	11
Average exchange rate PLN / EUR in the period	X	X	4.2395	4.2474
	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
	in k PLN		in k EUR	
<b>Statement of financial position</b>				
Assets	173,023	144,280	39,670	34,592
Long-term liabilities	49,240	21,557	11,289	5,168
Short-term liabilities	8,288	37,874	1,901	9,081
Equity	115,495	84,849	26,480	20,343
PLN / EUR exchange rate at period end	X	X	4.3616	4.1709

## SELECTED FINANCIAL DATA OF OEX S.A.

In the periods presented, the following exchange rates were applied to convert the basic items in the financial statements:

- for data resulting from the statements of financial position - mean exchange rate of EURO as at the end of each period,
- for data resulting from the income statements and cash flow statements - mean exchange rate for the given period calculated as an arithmetical average of exchange rates as at the last day of each month in the given period.

<b>Content</b>	Period of 6 months ended on 30 June 2018	Year ended on 31 December 2017	Period of 6 months ended on 30 June 2017
average exchange rate as at the period end	4.3616	4.1709	4.2265
average exchange rate of the period	4.2395	4.2447	4.2474

## SEPARATE STATEMENT OF FINANCIAL POSITION OF OEX S.A.

### SEPARATE STATEMENT OF FINANCIAL POSITION OF OEX S.A.

<b>ASSETS</b>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>
<i>Non-current assets</i>			
Intangible fixed assets	229	253	235
Tangible fixed assets	566	55	246
Interests in subsidiaries	124,158	127,258	124,158
Receivables	35	35	35
Other long-term financial assets			
Long-term prepayments			108
Deferred income tax assets	703	244	529
<b>Non-current assets</b>	<b>125,691</b>	<b>127,845</b>	<b>125,311</b>
<b>Current assets</b>			
Inventories			
Trade Receivables and Other Receivables	9,509	10,660	4,840
Current income tax assets			
Loans	15,634	8,632	10,635
Other short-term financial assets			
Short-term prepayments	72	314	283
Cash and cash equivalents	22,117	97	3,211
Fixed assets classified as held for sale			
<b>Current assets</b>	<b>47,332</b>	<b>19,704</b>	<b>18,969</b>
<b>Total assets</b>	<b>173,023</b>	<b>147,549</b>	<b>144,280</b>



## SEPARATE STATEMENT OF FINANCIAL POSITION OF OEX S.A.

<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>30/06/2018</b>	<b>30.06.2017 (restated)</b>	<b>31/12/2017</b>
<i>Equity</i>			
Share capital	1,378	1,378	1,378
Share premium	63,075	44,960	44,960
Other Capitals	1,679	1,459	1,459
Retained profits:	49,363	37,301	37,052
- retained profit (loss)	37,052	29,495	29,495
- net profit (loss)	12,311	7,806	7,557
<b>Equity</b>	<b>115,495</b>	<b>85,098</b>	<b>84,849</b>
<i>Liabilities</i>			
<i>Long-term liabilities</i>			
Loans, credits, other debt instruments	48,828	1,828	1,406
Finance lease			146
Bond liabilities		20,000	20,000
Other liabilities	407		
Deferred tax liabilities			5
Employee benefit liabilities	5		
Other long-term provisions			
Long-term prepayments			
<b>Long-term liabilities</b>	<b>49,240</b>	<b>21,828</b>	<b>21,557</b>
<i>Short-term liabilities</i>			
Trade liabilities and other liabilities	1,045	3,393	1,163
Current tax liabilities			442
Loans, credits, other debt instruments	7,049	2,253	845
Finance lease	77		24
Bond liabilities			550
Liabilities related to the purchase of shares		34,733	34,733
Employee benefit liabilities	117	243	117
Other short-term provisions			
Short-term prepayments			
Liabilities related to fixed assets held for sale			
<b>Short-term liabilities</b>	<b>8,288</b>	<b>40,622</b>	<b>37,874</b>
<b>Total provisions</b>	<b>57,528</b>	<b>62,450</b>	<b>59,431</b>
<b>Total equity and liabilities</b>	<b>173,023</b>	<b>147,549</b>	<b>144,280</b>

## SEPARATE STATEMENT OF FINANCIAL POSITION OF OEX S.A.

Book value	<b>115,495</b>	<b>85,098</b>	<b>84,849</b>
Number of shares (items)	6,888,539	6,888,539	6,888,539
Diluted number of shares (items)	7,989,984	6,888,539	6,888,539

### BOOK VALUE PER ORDINARY SHARE (PLN)

	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>
Book value of one share	16.77	12.35	12.32
Diluted book value per one share	14.45	12.35	12.32

## SEPARATE STATEMENT OF PROFIT OR LOSS OF OEX S.A.

### SEPARATE STATEMENT OF PROFIT OR LOSS OF OEX S.A.

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<b>Continued activities</b>		
<b>Sale revenues</b>	<b>3,092</b>	<b>2,246</b>
Revenue from the sale of services	3,092	2,246
Revenue from the sale of goods and materials		
<b>Cost of sales</b>	<b>2,673</b>	<b>849</b>
Costs of services sold	2,673	849
Cost of goods and materials sold		
<b>Gross profit (loss) on sales</b>	<b>418</b>	<b>1,397</b>
Selling costs		
Administrative expenses	524	1,638
Other operating revenue	116	11
Other operating expenses	245	5
Profit (loss) on the sale of subsidiaries (+/-)		
<b>Operating profit (loss)</b>	<b>-235</b>	<b>-235</b>
Financial income	13,562	8,797
Financial costs	1,190	749
Share in the profit (loss) of entities measured using the equity method (+/-)		
<b>Profit (loss) before taxation</b>	<b>12,137</b>	<b>7,813</b>
Income tax	-174	6
<b>Net profit (loss) on continued activities</b>	<b>12,311</b>	<b>7,806</b>
<b>Discontinued Activity</b>		
Net profit (loss) on discontinued operations		
<b>Net profit (loss):</b>	<b>12,311</b>	<b>7,806</b>

Average weighted number of ordinary shares	6,888,539	6,888,539
Average weighted diluted number of ordinary shares	7,040,672	6,888,539

**NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)**

	<b>from 01/01 to 30/06/2018</b>	<b>from 01/01 to 30/06/2017</b>
<i>on continued operations</i>		
- basic	1.79	1.13
- diluted	1.75	1.13
<i>on continued and discontinued operations</i>		
- basic	1.79	1.13
- diluted	1.75	1.13

## SEPARATE COMPREHENSIVE INCOME STATEMENT

### SEPARATE COMPREHENSIVE INCOME STATEMENT

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<b>Net profit (loss)</b>	<b>12,311</b>	<b>7,806</b>
<i>Other comprehensive income</i>		
<i>Items not carried as financial profit or loss</i>		
<i>Items carried as financial profit or loss</i>		
<b>Comprehensive income</b>	<b>12,311</b>	<b>7,806</b>

## SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

### SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

	Share capital	Own shares	Share premium	Other capitals	Retained profits	Total	TOTAL EQUITY
<b>As at 01/01/2018</b>	<b>1,378</b>		<b>44,960</b>	<b>1,459</b>	<b>37,052</b>	<b>84,849</b>	<b>84,849</b>
Changes in accounting policies							
Error Correction							
<b>Balance after changes</b>	<b>1,378</b>		<b>44,960</b>	<b>1,459</b>	<b>37,052</b>	<b>84,849</b>	<b>84,849</b>
<b>Changes in equity in the period from 01/01 to 30/06/2018</b>							
Issue of shares			18,115	220		<b>18,335</b>	<b>18,335</b>
Option measurement (share-based payment programme)							
Dividends							
Financial result recognised as equity							
<b>Total transactions with shareholders</b>			<b>18,115</b>	<b>220</b>		<b>18,335</b>	<b>18,335</b>
Net profit for the period from 01/01 to 30/06/2018					12,311	<b>12,311</b>	<b>12,311</b>
Other comprehensive income after taxation in the period from 01/01 to 30/06/2018							
<b>Total comprehensive income</b>					<b>12,311</b>	<b>12,311</b>	<b>12,311</b>
<b>As at 30/06/2018</b>	<b>1,378</b>		<b>63,075</b>	<b>1,679</b>	<b>49,363</b>	<b>115,495</b>	<b>115,495</b>

	Share capital	Own shares	Share premium	Other capitals	Retained profits	Total	TOTAL EQUITY
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## SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

<b>As at 01/01/2017</b>	<b>1,378</b>		<b>44,960</b>	<b>1,459</b>	<b>29,495</b>	<b>77,292</b>	<b>77,292</b>
Changes in accounting policies							
Error Correction							
<b>Balance after changes</b>	<b>1,378</b>		<b>44,960</b>	<b>1,459</b>	<b>29,495</b>	<b>77,292</b>	<b>77,292</b>
<b>Changes in equity in the period from 01/01 to 30/06/2017</b>							
Issue of shares							
Option measurement (share-based payment programme)							
Dividends							
Financial result recognised as equity							
<b>Total transactions with shareholders</b>							
Net profit for the period from 01/01 to 30/06/2017					7,806	7,806	7,806
Other comprehensive income after taxation in the period from 01/01 to 30/06/2017							
<b>Total comprehensive income</b>					<b>7,806</b>	<b>7,806</b>	<b>7,806</b>
<b>As at 30/06/2017</b>	<b>1,378</b>		<b>44,960</b>	<b>1,459</b>	<b>37,301</b>	<b>85,098</b>	<b>85,098</b>

# SEPARATE CASH FLOW STATEMENT OF OEX S.A.

## SEPARATE CASH FLOW STATEMENT OF OEX S.A.

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<i>Cash flow from operating activity</i>		
<b>Profit (loss) before taxation</b>	<b>12,137</b>	<b>7,813</b>
<b>Adjustments:</b>		
Depreciation and amortisation of tangible and intangible fixed assets	106	28
Change in the fair value of investment properties		
Change in the fair value of financial assets (liabilities) measured at fair value through profit or loss		
Cash flow hedging instruments transferred from equity		
Impairment loss on financial assets		
Profit (loss) on the sale of non-financial fixed assets		
Profit (loss) on the sale of financial assets (other than derivatives)		
Exchange difference gains (losses)		
Interest expense	792	629
Interest and dividend income	-13,985	-8,797
Cost of share-based payment		
Share in the profit (loss) of associate companies		
Other adjustments		
<b>Total adjustments</b>	<b>-13,087</b>	<b>-8,140</b>
Change in inventories		
Change in receivables	3,285	-35
Change in liabilities	-885	-717
Change in provisions and prepayments	-211	-298
<b>Changes in working capital</b>	<b>2,190</b>	<b>-1,051</b>
Inflows (outflows) from the settlement of derivatives		
Interest paid on operating activities		
Taxes paid		
<b>Net cash flows provided by operating activities</b>	<b>1,240</b>	<b>-1,378</b>



## SEPARATE CASH FLOW STATEMENT OF OEX S.A.

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017
<b><i>Cash flow from investing activity</i></b>		
Expenses to purchase fixed assets	-9	-34
Inflows from the sale of fixed assets		
Expenses to purchase investment properties		
Inflows from the sale of investment properties		
Net expenses to purchase subsidiaries	-34,433	-18,571
Net inflows from the sale of subsidiaries		
Received repayments of loans granted	2,100	
Loans granted	-7,100	-300
Expenses to purchase other financial assets		
Inflows from the sale of other financial assets		
Inflows from government subsidies received		
Interest income	285	259
Dividend income	5,746	
<b>Net cash flows provided / (used) by investing activities</b>	<b>-33,411</b>	<b>-18,646</b>
<b><i>Cash flows from financial activity</i></b>		
Inflow from the issue of shares	18,335	
Inflows from debt securities in issue		20,000
Redemption of debt securities	-20,000	
Inflows from loans and credits contracted	57,032	164
Repayment of loans and advances	-2,510	
Repayment of financial lease liabilities	-73	
Interest paid	-1,341	-92
Fees on loans paid	-366	
<b>Net cash flows provided / (used) by financing activities</b>	<b>51,077</b>	<b>20,072</b>
<b>Total net cash flows</b>	<b>18,906</b>	<b>48</b>
<b>Net change in cash and cash equivalents</b>	<b>18,906</b>	<b>48</b>
<b>Cash and cash equivalents at period beginning</b>	<b>3,211</b>	<b>49</b>
Exchange differences		
<b>Cash and cash equivalents at period end</b>	<b>22,117</b>	<b>97</b>

# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

## EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

### 1. Information on the impairment of inventories to the net realisable value and reversal of impairment charge;

Impairment of inventories:

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017	from 01/01 to 31/12/2017
State as at period beginning	404	407	407
Loss expensed as cost in the period			1
Reversal of impairments in the period (-)		-4	-4
<b>State as at period end</b>	<b>404</b>	<b>403</b>	<b>404</b>

### 2. Information about impairment of financial assets or other assets and on the reversal of impairment charges;

Impairment of receivables and loans:

	from 01/01 to 30/06/2018	from 01/01 to 30/06/2017	from 01/01 to 31/12/2017
State as at period beginning	1,344	1,357	1,357
Loss expensed as cost in the period			
Reversal of impairments carried as revenue in the period			-13
Provisions used			
<b>State as at period end</b>	<b>1,340</b>	<b>1,357</b>	<b>1,344</b>

### 3. Information on the creation, increase or utilisation of provisions;

The value of provisions recognised in the abbreviated interim financial statements and changes thereto in particular periods have been as follows:

	Provisions for long-term employee benefits	Other provisions, including provisions for:				
		Accrued holiday s	Payroll costs	Other costs	Other benefits	Total
For the period from 01/01 to 30/06/2018						
State as at period beginning		39	78			117
Provision increase carried as expense in the period						
Provision increase carried as income in the period (-)						
Utilisation of provisions (-)						

# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

Other changes						
<b>Provisions as at 30/06/2018</b>		<b>39</b>	<b>78</b>			<b>117</b>
<b>For the period from 01/01 to 30/06/2017</b>						
State as at period beginning		<b>39</b>	<b>17</b>			<b>56</b>
Provision increase carried as expense in the period						
Provision increase carried as income in the period (-)						
Utilisation of provisions (-)						
Other changes						
<b>Provisions as at 30/06/2017</b>		<b>39</b>	<b>17</b>			<b>56</b>
<b>For the period from 01/01 to 31/12/2017</b>						
State as at period beginning		<b>39</b>	<b>17</b>			<b>56</b>
Provision increase carried as expense in the period			<b>78</b>			<b>78</b>
Provision increase carried as income in the period						
Provisions utilised						
Other changes			<b>-17</b>			<b>-17</b>
<b>Provisions as at 31/12/2017</b>		<b>39</b>	<b>78</b>			<b>117</b>

## 4. Information about deferred tax assets and liabilities

	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>
<b>As at period beginning:</b>			
Deferred income tax assets	529	271	271
Deferred tax liabilities	-5	-21	-21
<b>Deferred tax at period beginning</b>	<b>524</b>	<b>250</b>	<b>250</b>
Change in the period influencing:			
Result (+/-)	174	-6	274
Other comprehensive income (+/-)			
<b>Deferred tax at period end</b>	<b>698</b>	<b>244</b>	<b>524</b>
Deferred income tax assets	703	244	529
Deferred tax liabilities	-5		-5

## 5. Information about material transactions of acquisition and disposal of fixed assets;

The table below presents the acquisitions and disposals as well as impairment charges concerning tangible fixed assets:

	Machinery and equipment	Vehicles	Other fixed assets	In construction	Total
<b>for the period from 01/01 to 30/06/2018</b>					
Net carrying amount as at 01/01/2018	<b>19</b>	<b>195</b>	<b>32</b>		<b>246</b>
Other increase / decrease (-)	22	387			409

# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

Increase (acquisition, production, lease)					
Disposal by a sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-11	-74	-4		498
Impairment losses					
Reversal of impairment charges					
Net carrying amount as at 30/06/2018	<b>30</b>	<b>508</b>	<b>28</b>		<b>566</b>
<b>for the period from 01/01 to 30/06/2017</b>					
Net carrying amount as at 01/01/2017	<b>23</b>		<b>9</b>		<b>32</b>
Increase (acquisition, production, lease)	10		24		34
Decrease (disposal, liquidation) (-)					
Other changes in the value					
Depreciation and amortisation (-)	-9		-2		-11
Impairment losses					
Reversal of impairment charges					
Net carrying amount as at 30/06/2017	<b>24</b>		<b>31</b>		<b>55</b>
<b>for the period from 01/01 to 31/12/2017</b>					
Net carrying amount as at 01/01/2017	<b>23</b>		<b>9</b>		<b>32</b>
Increase (acquisition, production, lease)	15	202	29		246
Decrease (disposal, liquidation) (-)		-114			-114
Other changes in the value					
Depreciation and amortisation (-)	-19	-7	-6		-32
Impairment losses		114			114
Reversal of impairment charges					
Net carrying amount as at 31/12/2017	<b>19</b>	<b>195</b>	<b>32</b>		<b>246</b>

The table below presents the acquisitions and disposals as well as impairment charges concerning intangible fixed assets:

	Trademarks	Programmes, licences	Other	In construction	Total
<b>for the period from 01/01 to 30/06/2018</b>					
Net carrying amount as at 01/01/2018	<b>217</b>	<b>17</b>			<b>234</b>
Increase (acquisition, production, lease)		12			12
Decrease (disposal, liquidation) (-)					
Other changes in the value					
Depreciation and amortisation (-)	-15	-2			-17
Impairment losses					
Reversal of impairment charges					
Net carrying amount as at 30/06/2018	<b>202</b>	<b>27</b>			<b>229</b>
<b>for the period from 01/01 to 30/06/2017</b>					

# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

Net carrying amount as at 01/01/2017	250	20			270
Increase (acquisition, production, lease)					
Decrease (disposal, liquidation) (-)					
Other changes in the value					
Depreciation and amortisation (-)	-15	-2			-17
Impairment losses					
Reversal of impairment charges					
Net carrying amount as at 30/06/2017	235	18			253
<b>for the period from 01/01 to 31/12/2017</b>					
Net carrying amount as at 01/01/2017	250	20			270
Increase (acquisition, production, lease)					
Decrease (disposal, liquidation) (-)					
Other changes in the value	-3	1			-2
Depreciation and amortisation (-)	-30	-4			-34
Impairment losses					
Reversal of impairment charges					
<b>Net carrying amount as at 31/12/2017</b>	<b>217</b>	<b>17</b>			<b>234</b>

## 6. Information about material liabilities related to the purchase of tangible fixed assets

As at 30 June 2018, OEX S.A. did not have any material liabilities related to the purchase of tangible fixed assets.

## 7. Information about material settlements resulting from cases vindicated in court

In the period from 01 January 2018 to 30 June 2018, there were no material settlements related to cases vindicated in court by the Company.

## 8. Indication of adjustments of errors of previous periods

In the reporting period, there were no events resulting in the necessity to adjust errors of previous periods.

## 9. Information about changes in the economic situation and business conditions which have material impact on the fair value of financial assets and financial liabilities of the company

There were no changes in the economic situation and business conditions which would have any impact on the fair value of financial assets and financial liabilities.

## 10. Information about a failure to repay a loan or credit or about a violation of material provisions of a loan or credit agreement

# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

In the reporting period, there were no cases of a failure to repay a loan, payment of interest or any other terms and conditions of liability buyback. There were no cases of default on the terms and conditions of credit or loan agreements.

## **11. In case of financial instruments carried at fair value - information about a change of the method of its determination**

During the reporting period, there were no changes in the method (manner) of determination of financial instruments carried at fair value.

## **12. Information about a change in the classification of financial assets in consequence of a change of the purpose of utilisation of such assets**

In the reporting period, there were no changes in the classification of financial assets resulting from a change in the purpose or way of utilisation of such assets.

## **13. Information on the issue, redemption and repayment of non-share and equity securities**

On 18 January 2017, OEX S.A. placed an issue of 20,000 ordinary series A bearer bonds of the nominal value of PLN 1,000 each and the total nominal value of kPLN 20,000. The bonds mature on 17 January 2020. The bonds were issued in accordance with the Resolution of the Management Board of OEX S.A. dated 2 December 2016 concerning the Bond Issue Programme, which may be pursued between 2017-2019 up to the total maximal amount of PLN 56,000 thousand and the Resolution of the Management Board of OEX S.A. dated 21 December 2016 on the series A bond issue. The bonds will yield variable interest determined on the basis of the 6M WIBOR rate plus a margin. The bond issue took place in accordance with the procedure provided for in Art. 33 (2) of the Bonds Act. The bond acquisition proposals were made to individually designated addressees whose number was not higher than 149 persons. On 15 May 2017, the series A bonds were introduced to the trading in an alternative trading system organised by, respectively, the Warsaw Stock Exchange and BondSpot S.A. as part of the Catalyst market. The series A bonds were quoted in the alternative trading system - Catalyst since 26 May 2017, in the continuous trading system under the name of 'OEX0120'.

On 14 December 2017, the Group signed a loan agreement with ING Bank Śląski S.A. and Bank Zachodni WBK S.A. in order to refinance the Group's existing debt, including the redemption of the series A bonds. Pursuant to the Series A Bond Issue Terms and Conditions, OEX S.A. had a pre-emptive right to series A bonds. All 20,000 bonds of the A series were redeemed on 17 January 2018.

On 14 June 2018, the Extraordinary General Meeting of Shareholders of OEX S.A. took a decision on the increase of the Company's share capital from PLN 1,377,707.80 by an amount not lower than PLN 0.20 and not higher than PLN 220,289, i.e. up to the amount not lower than PLN 1,377,708.00 and not higher than PLN 1,597,996.80. The increase in the Company's share capital took place by the issue of not more than 1,101,445 ordinary series D bearer shares with the nominal value of PLN 0.20 each.

The series D shares were subscribed in exchange only for cash contributions before the registration of the share capital increase made by the issue of Series D Shares. The Series D Shares were issued for a private subscription only.

# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

By virtue of Resolution of the Management Board of OEX S.A, the issue price of the ordinary series D bearer shares was established at PLN 17.00 per one Share Offered and the total number of Shares Offered as determined by the Management Board amounted to 1,101,445.

On 6 June 2018, the Management Board of the Company adopted a resolution on the allotment of the total of 1,101,445 ordinary series D bearer shares with the nominal value of PLN 0.20 each and the issue value of PLN 17 each and the total issue value of PLN 18,724,565.00, issued on the basis of the Issue Resolutions, to investors who signed the Offered Shares Subscription Agreement and made payments for the Shares Offered as per the terms and conditions of the Offered Shares Subscription Agreements executed.

The newly issued and paid up series D shares were registered by the National Court Register on 5 September 2018.

## **14. Information on the dividends paid (or declared), in total and as divided per share, with a breakdown into ordinary and preferential shares**

In the period covered by this half-yearly report, there were no dividends paid by OEX S.A. No dividend was declared either.

The Ordinary General Meeting of Shareholders of OEX S.A., which took place on 14 May 2018, resolved to allocate the net profit of OEX S.A. for 2017 in the amount of kPLN 7,557 in whole to the supplementary capital.

## **15. Indication of events occurring after the date of these interim abbreviated financial statements which were not included in the statements and which could significantly influence the future financial results of the Issuer**

In the period covered by these interim abbreviated financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these interim financial statements do not comprise any significant events concerning the previous years.

After the date on which the interim abbreviated financial statements were made, there were the following significant events:

- On 5 September 2018, the District Court for the capital city of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, registered 1,101,445 series D shares in OEX S.A., which have the total nominal value of PLN 220,289.

## **16. Information on changes in contingent liabilities and contingent assets that occurred in the period after the end of the last financial year;**

The value of contingent liabilities did not change significantly when compared to the end of the previous financial year. The Company does not have any contingent assets.

<b>Liabilities to other parties:</b>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>
Liability repayment guarantee concerning subsidiaries	4,725	5,925	4,725
Guarantees originated			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			

## EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

Disputed cases and cases in court related to the IRS			
Other Contingent Liabilities		102	100
<b>Total contingent liabilities</b>	<b>4,725</b>	<b>6,027</b>	<b>4,825</b>

### 17. Information about material changes in estimates

With the exception of disclosures made in items 1-4 herein, there were no material changes in estimates.

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# EXPLANATORY NOTES TO THE INTERIM ABBREVIATED FINANCIAL STATEMENTS OF OEX S.A.

## 18. Transactions with related parties;

Below are presented transactions with related parties recognised in the interim abbreviated financial statements:

	Interest income			Operational income			Trade receivables		
	From 01/01 to 30/06/2018	From 01/01 to 30/06/2017	From 01/01 to 31/12/2017	From 01/01 to 30/06/2018	From 01/01 to 30/06/2017	From 01/01 to 31/12/2017	30/06/2018	30/06/2017	31/12/2017
Sales to:									
The parent company									
A subsidiary	352	259	515	3,072	2,243	4,950	1,316	1,881	2,720
An associate									
A joint venture									
Key management personnel									
Other related parties									
Total	352	259	515	3,072	2,243	4,950	1,316	1,881	2,720

There were no impairment charges on receivables from related parties, therefore no costs on this account were recognised in the financial statements.

	30/06/2018		30/06/2017		31/12/2017	
	Originated in the period	Accumulated balance	Originated in the period	Accumulated balance	Originated in the period	Accumulated balance
Loans granted:						
The parent company						
A subsidiary	7,101	15,634	300	8,632	2,650	10,634
An associate						
A joint venture						
Key management personnel						
Other related parties						
Total	7,101	15,634	300	8,632	2,650	10,634

**APPROVAL FOR PUBLICATION**

The interim abbreviated consolidated financial statements of the OEX Group made for the first half of 2018. and the interim abbreviated financial statements of OEX S.A. (including comparable data) were approved for publication by the Management Board of OEX S.A. on 06 September 2018.

Signatures of all Management Board Members

Date	Name and Surname	Function	Signature
06 September 2018	Jerzy Motz	President of the Management Board	
06 September 2018	Rafał Stempniewicz	Management Board Member	
06 September 2018	Robert Krasowski	Management Board Member	
06 September 2018	Artur Wojtaszek	Management Board Member	
06 September 2018	Tomasz Słowiński	Management Board Member	

**DECLARATION OF THE MANAGEMENT BOARD OF THE ISSUER**

Pursuant to the Regulation of the Minister of Finance of 29 March 2018 on the current and periodical information to be disclosed by security issuers, the Management Board of the Issuer hereby states and declares as follows:

- to the best of its knowledge, the interim abbreviated consolidated financial statements of the OEX Group and the comparable data were prepared in accordance with the applicable accounting standards and they truly, reliably and fairly present the economic and financial situation of the Group and its financial result,
- to the best of its knowledge, the interim abbreviated financial statements of OEX S.A. and the comparable data were prepared in accordance with the applicable accounting standards and they truly, reliably and fairly present the economic and financial situation of OEX S.A. and its financial result,
- the half yearly report on the activities of the OEX Group contains a true image of the development and achievements of the Group as well as its situation, including a description of basic threats and risks.

Signatures of all Management Board Members

Date	Name and Surname	Function	Signature
06 September 2018	Jerzy Motz	President of the Management Board	
06 September 2018	Rafał Stempniewicz	Management Board Member	
06 September 2018	Robert Krasowski	Management Board Member	
06 September 2018	Artur Wojtaszek	Management Board Member	
06 September 2018	Tomasz Słowiński	Management Board Member	

# OEX GROUP

## REPORT ON THE ACTIVITIES OF THE OEX GROUP IN THE FIRST HALF OF 2018

Warsaw, 06 September 2018

## REPORT ON THE ACTIVITIES OF THE OEX GROUP

**1. Description of the organisation of the Issuer's group and indication of consolidated entities**

The OEX S.A. Group comprises:

- the parent company - OEX S.A.

- subsidiaries as presented in the following table:

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 Sp. z o.o.	ul. Dmowskiego 17, 50-203 Wrocław	51.03	
ArchiDoc S.A.	ul. Niedźwiedziniec 10, 41-506 Chorzów	100	
Archidoc EDM Sp. z o.o.	ul. Niedźwiedziniec 10, 41-506 Chorzów	0	100
Voice Contact Center Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
Connex Sp. z o.o. in liquidation	ul. Forteczna 19A, 61-362 Poznań	100	

Companies subject to consolidation:

- Europhone Sp. z o.o.
- PTI Sp. z o.o.
- OEX Cursor S.A. (since 01/03/2015)
- Divante Sp. z o.o. (since 01/03/2015)
- Tell Sp. z o.o. (since 01/01/2016)
- Pro People Sp. z o.o. (since 01/07/2016)
- Merservice Sp. z o.o. (since 01/09/2016)
- ArchiDoc S.A. (since 01/01/2017)
- Voice Contact Center Sp. o.o. (since 01/01/2017)
- OEX E-Business Sp. z o.o. (since 22/03/2017)
- Archidoc EDM Sp. z o.o. (since 18/04/2018).

The Group also comprises Connex Sp. z o.o. in liquidation seated in Poznań. It is not subject to consolidation and as regards the shares in that company, OEX S.A. made impairment charges equal to 100% of the value of the shares.

In the first half of 2018, the District Court for Gdańsk-Północ in Gdańsk, VI Commercial Division, by virtue of decision dated 19 February 2018 declared the bankruptcy of TOYS4BOYS Sp. z o.o. with registered

office in Gdańsk. The OEX Group held 30 % of shares in the said Company. All the shares were covered by impairment charges in previous financial years. TOYS4BOYS Sp. z o.o. was not subject to consolidation within the OEX Group.

The object of the business of the Group companies is to provide services for the business.

## **2. Indication of consequences of changes in the structure of the entity, including the resulting mergers, take-overs or sales of the Issuer's group companies, long-term investments, divisions, restructuring or business discontinuations;**

In the first half of 2018, the Group established Archidoc EDM Sp. z o.o. with registered office in Chorzów. The Group has 100% shares in the Company. The share capital of the new Company is kPLN 50.

After the increase of the share capital in Nextbuy Sp. z o.o., as of 15 February 2018, the Group has had 20% of its share capital. For the purposes of these consolidated financial statements, the Management Board analysed whether or not it has significant control over Nextbuy Sp. z o.o., especially in the context of Art. 5-6 of IAS 28. According to the Management Board of OEX S.A., the investment in that Company is a passive one (no control over the daily management of the Company). Therefore, despite the fact that it holds 20% of the share capital, the Group exerts no significant influence on Nextbuy Sp. z o.o. and this investment is not settled using the equity method in the consolidated financial statements.

With the exception of the declaration of bankruptcy of TOYS4BOYS Sp. z o.o. with registered office in Gdańsk, establishment of Archidoc EDM Sp. z o.o. with registered office in Chorzów and the increase of participation in Nextbuy Sp. z o.o., as described in item 1 herein above, there were no changes in the structure of the OEX group in the first half of 2018.

## **3. Description of the issuer's successes or failures in the period this report refers to, with an indication of the most important events concerning the Issuer**

- a) In the first half of 2018, the revenue from the sale in the TELL S.A. Group amounted to kPLN 277,993 and was higher by 12% than in the corresponding period of previous year.
- b) The operating profit for the first half of 2018 amounted to kPLN 10,429 and was lower by 8% than in the corresponding period of previous year. The main reason underlying the fall in the y/y profit were the deteriorated results noted in the Sale Support segment which were caused by postponements by clients of certain significant projects until next quarters and by pay rises, the effects of which will be shifted onto the clients with a delay. The y/y cost increases were also noted by OEX S.A. acting as the Group's headquarters.
- c) EBITDA of the first half of 2018 amounted to kPLN 14,542 and was lower by 4 % than in the corresponding period of the previous year.
- d) Due to the implementation by Orange Polska S.A. in May 2018 of a new system of settlements of the mobile phone sales and the discontinuation, in consequence, of execution of the instalment sale contracts by Tell Sp. z o.o. (cf. items 11 and 12 (b)), there were changes to the structure of financial costs. Costs resulting from the fees of instalment sale support, incurred for the benefit of Orange Polska S.A. fell on a y/y basis by kPLN 638.9. At the same time, EBITDA of the Retail Sale Network Management segment and of the Group decreased by the same amount in result of lower revenues from Orange Polska S.A. received as commission for the instalment sale support. In the total amount of kPLN 3,950 of financial costs of the first half of 2018, the costs of the above-mentioned fees constituted kPLN 1,336.5 (in the corresponding period of 2017: financial costs

kPLN 4,026 and the above-mentioned fees kPLN 1,975.4). Excluding the impact of changes at the level of instalment sale support fees, the Group's financial costs went up on a y/y basis by kPLN 563, which to a considerable extent results from the disbursement of investment loans in April, which were allocated to make additional payments to the prices for the acquisition of ArchiDoc S.A. and Voice Contact Center Sp. z o.o.

- e) The gross profit of the first half 2018 was kPLN 6,655 and was lower than in the corresponding period of the previous year by 10%.
- f) The net profit of the first half of 2018 was kPLN 5,127 and was lower than in the corresponding period of the previous year by 13%. The net profit of the first half of 2018 attributable to the parent company's shareholders was kPLN 4,872 and was lower than in the corresponding period of the previous year by 19%.

#### **4. Indication of factors and events, in particular extraordinary ones, having a material influence on the financial results achieved**

In the first half of 2018 there were no extraordinary factors or events.

#### **5. Statement of the Management Board concerning the possibility of achieving the earlier published forecasts of results for the given year in the light of results presented in the quarterly statements (as compared to the forecasts)**

In the reporting period, the Management Board of OEX S.A. did not publish forecasts of its results in 2018.

#### **6. Indication of shareholders holding, directly or indirectly through subsidiary entities, at least 5% of total votes at the general meeting of shareholders of the issuer as at the date of publication of the mid-year statements, indication of the number of shares held, their percentage of share capital, number of votes resulting and percentage of total votes at the general meeting of shareholders and indication of changes in the structure of significant blocks of shares in the issuer in the period from the publication of the previous quarterly statements**

As at the date of presentation of the report for the first half of 2018, the registered share capital of the Company amounted to PLN 1.597.996,80 (in 2017: PLN 1.377.707,80) and was divided into:

- 1,381,312 registered series A preferential shares, the preference entitling to two votes from one share;
- 3,729,535 ordinary bearer shares - issued as series A and B shares;
- 1,777,692 ordinary series C bearer shares,
- 1.101.445 ordinary series D bearer shares.

All shares equally participate in the dividend distribution. The shares are divided into ordinary bearer shares, which entitle to one vote at the General Meeting of Shareholders, and preferential shares, where 1 preferential share entitles to two votes.

The amendment to the Company's Articles of Association and the increase in the Company's share capital took place on the basis of Resolution No. 3 of the Extraordinary General Meeting of Shareholders of the Company dated 14 May 2018 on the increase of the Company's share capital by an issue of series D shares by a private subscription with the total exclusion of the subscription rights of the existing shareholders, dematerialization and admission to trading on a regulated market maintained by the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) of the series D shares and on the amendment to the Articles of Association (**'Resolution'**). On 5 September 2018, the District Court for the capital city of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, registered the amendments to the Articles of Association of the Company. The Company published information about the amended Articles of Association in Ongoing Report No. 29/2018 dated 5 September 2018.

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the first half of 2018.

Shareholder	Total shares	Total votes	% of share capital	% of votes
Neo Investment S.A. indirectly via subsidiaries:	2,535 101	3,756,805	31.73%	40.09%
- Neo Fund 1 Sp. z o.o. directly	1,661,688	2,883,392	20.80%	30.77%
- Neo Found 1 Sp. z o.o. indirectly via Neo BPO S.a r.l.	873,413	873,413	10.93%	9.32%
Piotr Cholewa, indirectly via a subsidiary:	1,484,905	1,644,513	18.58%	17.55%
- Silquern S.a r.l.	1,484,905	1,644,513	18.58%	17.55%
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	968,254	968,254	12.12%	10.33%
Others	3,001,724	3,001,724	37.57%	32.03%
<b>Total</b>	<b>7,989,984</b>	<b>9,371,296</b>	<b>100.00%</b>	<b>100.00%</b>

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the previous quarterly report (16 May 2018).

Shareholder	Total shares	Total votes	% of share capital	% of votes
Neo Investment S.A. indirectly via subsidiaries:	2,414 698	3,636,402	35.05%	43.97%
- Neo Fund 1 Sp. z o.o. directly	1,661,688	2,883,392	24.12%	34.87%
- Neo Found 1 Sp. z o.o. indirectly via Neo BPO S.a r.l.	753,010	753,010	10.93%	9.11%
Piotr Cholewa, indirectly via a subsidiary:	1,280,206	1,439,814	18.58%	17.41%
- Silquern S.a r.l.	1,280,206	1,439,814	18.58%	17.41%
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	535,514	535,514	7.77%	6.47%
Others	2,658,121	2,658 121	38.59%	32.14%
<b>Total</b>	<b>6,888,539</b>	<b>8,269,851</b>	<b>100.00%</b>	<b>100.00%</b>

The above statements were made in the basis of information given to the Company by the shareholders, in particular in the form of notifications about considerable blocks of shares, taking into account changes in the amount and structure of the Company's share capital, including changes related to the share issue.



**7. List of issuer's shares and entitlements thereto held by persons managing or supervising the issuer upon the date of the publication of the quarterly statements, indication of changes thereto in the period from the publication of the previous quarterly report, separately for each such person**

List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the first half of 2018.

	Total shares	Total votes	% of share capital	% of votes
<b>Members of the Supervisory Board</b>				
Piotr Cholewa indirectly via Silquern S.a r.l.	1,484,905	1,644,513	18.58%	17.55%
Michał Szramowski directly and indirectly via MS Investments Sp. z o.o. sp.k.	452,770	452,770	5.67%	4.83%
<b>Members of the Management Board</b>				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	968,254	968,254	12.12%	10.33%
Rafał Stempniewicz	94,590	94,590	1.18%	1.01%
Robert Krasowski	10,889	10,889	0.14%	0.12%
Artur Wojtaszek	59,000	59,000	0.74%	0.63%

List of shares held by persons managing or supervising the issuer as at the date of publication of the previous quarterly report (16 May 2018).

	Total shares	Total votes	% of share capital	% of votes
<b>Members of the Supervisory Board</b>				
Piotr Cholewa indirectly via Silquern S.a.r.l.,	1,280,206	1,439,814	18.58%	17.41%
Michał Szramowski directly and indirectly via MS Investments Sp. z o.o. sp.k.	390,354	390,354	5.67%	4.72%
<b>Members of the Management Board</b>				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	535,514	535,514	7.77%	6.47%
Rafał Stempniewicz	94,590	94,590	1.37%	1.14%
Robert Krasowski	7,889	7,889	0.11%	0.10%
Artur Wojtaszek	50,000	50,000	0.73%	0.60%

**8. Indication of significant court, arbitration or public administration proceedings**

Neither the Parent Company nor any subsidiaries are parties to any significant proceedings before any courts of law.

There are no proceedings with the participation of the Parent Company or its subsidiaries before any arbitration court.

**9. Information about the execution by the company or its subsidiary of a single or more transactions with related parties, if such transactions were made on conditions other than at arm's length**

All transactions between the Group companies are arm's length transactions.

**10. Information on the grant by the issuer or its subsidiary of a loan collateral or guarantee to one entity or subsidiary of such entity (jointly) if the total value of the existing collaterals or guarantees is significant**

Neither the Issuer nor the Group's subsidiaries provided loan or credit collaterals and significant guarantees.

**11. Other information, which in the issuer's opinion is important for the assessment of its personnel, economic, financial position and the financial result, as well as changes thereto; information that is important for the assessment of the issuer's obligation discharge possibilities**

The statements contain basic information which is important for the assessment of the situation of the OEX Group, whereby, for the correct interpretation of the financial results obtained by the companies: TELL Sp. z o.o., Europhone Sp. z o.o. and PTI Sp. z o.o. it is necessary to explain different ways of recognition in the books of the companies of subsidies for the sale of mobile phones sold with post-paid activations by particular mobile phone operators. Irrespective of a different way of mobile phone sale settlement by particular operators, the result on such operations is neutral.

**ORANGE**

In the second quarter of 2018, there was a change in the system of settling the telecommunications equipment. In place of the previous system, where Tell Sp. z o.o. would acquire the equipment on its own account from Orange Polska S.A., a new system of consignments has been introduced since 21 May 2018.

Until 20 May 2018, Tell Sp. z o.o. would purchase phones from the Operator at market prices. After the purchase, the company incurred a liability in an amount equal to the market price of the phone. At the same time, the company recognised in its assets an inventory stock valued at the phones' market prices. The Company sold such phones in two variants:

- sale of the phone directly to the client in a sale outlet

In this case, the sale was made at the promotional price (allowing for a subsidy at the level agreed with the Operator). Thus, the Company made a temporary loss on this particular transaction. However, immediately after the promotional sale, in accordance with the procedures agreed with the Operator in the contract, the Operator issued corrective invoices decreasing the original phone purchase price for the

Company to the promotional price (allowing for the subsidy level). Thus, in effect, the transaction had a neutral effect on the Company's financial result.

- sale of the phone to a sub-agent, who then sells it to a client in a sale outlet

In this case, the sale was made within at the original Operator's purchase price and then the process was analogous as above, whereby it was the Company that issued a corrective invoice to the sub-agent, adjusting the original selling price.

As of 21 May 2018, Tell Sp. z o.o. receives the phones on the consignment basis (and, consequently, does not recognise their values in its financial statements). The sale is made for and on behalf of the Operator and using the system and fiscal equipment provided by Orange Polska S.A. If the sale is made in accordance with the valid procedures in force, the phone is considered settled.

### **T-Mobile**

The Company receives phones to be sold together with subscription services from the Operator on a trust basis. If the sale is made in accordance with the valid procedures in force, the phone is considered settled. In case of some offers, it is necessary that the equipment is purchased at request and an invoice is issued with a 7-day term of payment. The phone may still be sold to the client together with a subscription offer.

### **PLUS**

PTI Sp. z o.o. acquires the phones from the operator's distribution company by purchase and on the basis of the so-called consignment. In the former case, the purchase is made at market prices. Consequently, the company incurs a liability in an amount equal to the market price of the phone. At the same time, the company recognises in its assets an inventory stock valued at the phones' market prices.

In the latter case, the Company receives phones from the operator's distribution company on the consignment basis. Consequently, there is no liability on the side of the company and no inventory stock. The sale of a consignment phone is an external sale.

The sale of phones to clients may take place in the form of a cash sale or instalment sale. It is effected in the outlet.

In case of a cash sale, the transaction is made at the promotional price (allowing for a subsidy at the level agreed with the operator). Thus, the Company makes a loss on this particular transaction. However, immediately after the promotional sale, as agreed with the Operator in the contract, the Operator grants the company a commission in an amount equal to the value of loss incurred at the given transaction. In effect, the transaction has a neutral effect on the company's financial result. It is the company's own sale.

In case of an instalment sale of a phone owned by the Company, a correction is issued by the operator to the purchase invoice and, at the same time, the Company's liability is decreased and so is the inventory stock. In this case, an external sale transaction is effected.

The Company also sells the phones to salesmen operating on the business market who resell them to their clients. In this case, the sale is made at the original price of purchase from the operator's distribution company, but then the process is similar to a cash sale transaction, whereby it is the Company that sets off the salesmen's loss on the mobile phone sale transaction to a client by paying an appropriate commission (received earlier from the operator).

## **12. Indication of factors which, in the Issuer's opinion, will have an influence on its results within the perspective of at least next quarter.**

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, e-commerce, mobile telephony, commerce, media as well as the public, banking and insurance sector. They shall comprise, in particular:

- a) uninterrupted performance of existing contracts in the Sale Support, the E-Business and the BPO segments and acquisition of new contracts as per the internal plans;
- b) performance of agreements with the mobile phone operators, taking into account:
  - a. seasonality;
  - b. promotional actions planned by the mobile phone operators;
  - c. performance level of sale plans imposed on the Group companies by operators;
  - d. commission and settlement systems, in particular taking into account the changes to the system of providing telecommunications equipment to Tell Sp. z o.o. As of 21 May 2018, instead of the existing system, where Tell Sp. z o.o. would purchase the equipment on its own account, a consignment-based system was introduced. The main effect of the change will be the fall in no-margin revenues, as generated by Tell Sp. z o.o. and in the corresponding costs of goods sold as well as the termination of the system of settling instalment sales. As part of the instalment sale system, Tell Sp. z o.o. received an additional commission, bearing at the same time, the financial cost equal to the value of that commission on account of the assignment of the instalment sale agreement onto the operator (cf item 3 (d)). According to the estimates of Tell Sp. z o.o., the introduction of the above-mentioned changes in 2018 will result in the fall in financial costs by approx. PLN 2.6 million and a simultaneous fall in the operating profit by the same amount. The change of the system of settlement of telecommunications equipment by Tell Sp. z o.o. is neutral in terms of the gross and net profit. Simultaneously, profitability ratios of that company, similarly as of the entire Retail Sale Network Management segment and of the Group, will improve. So will the ratios of current asset turnover.
  - e. take-over of the management of 48 stores from Orange Polska S.A. as of 1 July 2018.

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

- a) general macroeconomic situation of Poland;
- b) situation on the labour market;

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

- c) growth in financial debt and borrowing costs in relation with the additional payments to the price of acquisition of Archidoc S.A. and Voice Contact Center Sp. z o.o.;
- d) expected improvement in operating results in the E-Business segment when compared to the results of 2017;
- e) further optimisation of the Group's management systems, in particular the systems monitoring the pursuit of objectives, demand for external funds and cash flows as well as an efficient implementation of the cost control policies;
- f) potential equity transactions on the market on which the Group operates.

## **13. 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 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 take-over of Cursor S.A., Divante Sp. z o.o., Mer Service Sp. z o.o., and since 2017 also Archidoc S.A. and Voice Contact Center Sp. z o.o. will allowed the Group to mitigate the risks of the above-mentioned tendencies by ensuring both, the possibility to offer to the existing customers and to the new counterparties, comprehensive solutions concerning sales outsourcing based on both the traditional and the state-of-the-art sale channels as well as the combination thereof.

### **The risk of a slowdown on the sale support market and the e-business market**

In the assessment of the issuer's Management Board, the Polish and the European sale support market and e-business 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. Currently, there are no premises that would indicate a risk of market development inhibition as regards the sale support and the e-business markets.

### **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 made by 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.

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. This applies mainly to relatively simple services that do not require advanced organisational solutions, e.g. courier services, stacking shelves etc. The source of risk is, however, the rise in the complexity of services provided by competitors and the switch from the provision of single services to the provision of business processes (in consequence of consolidation of various market segment companies, for example). 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 E-business segment is highly dispersed, there are numerous companies of various sizes. Any appearance of new entities may have an adverse impact on the competitive position of Divante Sp. z o.o. On the other hand, the newly established companies, without any history of cooperation, significant implementations completed in the e-commerce segment, have poor changes to acquire clients for whom the references from the existing projects are the key elements in the decision process. In the assessment of the Issuer's Management Board, there are few companies competitive to the OEX Group companies in the E-Business segment, especially e-commerce, which may provide a full range of services (from IT to e-marketing) and acting in an appropriate scale (over 150 specialists). Moreover, a technology selected once by the client for the e-business 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 the OEX Group companies acquire several per cent more new clients that require e-business services, which significantly decreases the risk related to higher competition in this segment.

In the BPO segment, there are many competitive entities, both Polish and with foreign capital. The highest threat in this regard is the price war in progress, which affects the low specialisation services in particular. The activities undertaken by the OEX Group companies aimed at the limitation of the risk of losing the current market position are focused on two basic areas. The first area is the process automation and robotization, allowing a permanent costs optimisation and a possibility to offer services at a lower price level, while maintaining a reasonable project margin. The second aspect with a positive impact on the decreasing risk of client loss is the specialisation and development of services rendered under specific projects as well as a wide integration of IT environments with the Clients' environments. One cannot rule out, however, a situation when the price war will result in a necessity to reduce the margin earned. Also the fact that international outsourcing concerns become interested in the local BPO market should not be left overlooked. Any emergence on the Polish market of a new player with technology and know-how may bear a risk of a tightening price policy and may impact a reduction in the segment's revenues.

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. The latest forecasts indicate a fall in the number of unemployed people to the

level below 6% by the end of 2018. The downward trend is believed to continue until 2019 at least. The decreasing number of potential job candidates is also influenced by demographic factors and economic migration. The above-mentioned elements combined with payraises, 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 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 from the perspective of outsourcing companies in relation with, for example, 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 maintains an ongoing communication with its clients in order to make them aware of the impact of salary expectations expressed by employees on profitability, in consequence of which it manages to account for the significant portion of employment cost rises in the prices of services offered.

### **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. The experience gathered so far indicate that the cases of departures of higher management team members and key personnel occur very rarely.

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.

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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 incentive-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 infrastructure failures and breakdowns which may lead to limitations in 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, insignificant. 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 or mobile phone operator 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 implementation as of May 2018 of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (GDPR Regulation) means that the OEX Group companies must adjust their regulations in force and their 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. No history of practice of the new inspection authorities may bear a risk that the controllers and processors may receive penalties the amounts of which were determined in the GDPR Regulation at the higher level 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, administrative 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**

The OEX Group has interest-bearing liabilities (bank loans and credits, factoring, leases) the amount of which as at 30 June 2018 amounted to kPLN 99,393 (of which kPLN 60,482 are long-term liabilities). 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.

### **Risk of negative changes in legal regulations**

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 authorities are inconsistent and unpredictable, which decreases their applicability in the interpretation of the law. The issuer uses a permanent legal service support and tries to minimise the risk related to changes in legal environment, however this risk cannot be excluded entirely.

## Signatures of Members of the Management Board of OEX S.A.

Date	Name and Surname	Function	Signature
06 September 2018	Jerzy Motz	President of the Management Board	
06 September 2018	Rafał Stempniewicz	Management Board Member	
06 September 2018	Robert Krasowski	Management Board Member	
06 September 2018	Artur Wojtaszek	Management Board Member	
06 September 2018	Tomasz Słowiński	Management Board Member	