



OEX GROUP

**Consolidated half-yearly financial  
statements for the period  
from 1 January to 30 June 2019**

WARSAW, 05 SEPTEMBER 2019



## TABLE OF CONTENTS

Selected consolidated financial data of the OEX Group .....	3
Consolidated Statement of Financial Position .....	5
Consolidated statement of profit or loss .....	7
Net profit attributable to the shareholders of the parent company - per ordinary share (PLN) .....	7
Comprehensive statement of comprehensive income .....	8
Consolidated Statement of Changes in Equity .....	9
Consolidated Cash Flow Statement .....	12
Supplementary Notes to the Abbreviated Interim Consolidated Financial Statements of the OEX Group .....	13
1. Rules applied during the preparation of the interim abbreviated consolidated financial statements, including information about changes to accounting policies (rules) .....	13
2. Description of the Group's Organisation .....	15
3. Operating segments .....	17
4. Explanations concerning the seasonality or cyclicity of the Group's activities in the presented period .....	24
5. Information about the creation, utilisation and reversal of impairment charges on inventories .....	24
6. Information about the creation, utilisation and reversal of impairment charges on financial assets .....	24
7. Information on the creation, utilisation and write-back of provisions .....	24
8. Information about deferred income tax assets and liabilities .....	25
9. Information about material transactions of acquisition and disposal of tangible fixed assets .....	26
10. Information about material liabilities related to the purchase of tangible fixed assets .....	26
11. Information about material settlements resulting from cases vindicated in court .....	26
12. Indication of adjustments of errors of previous periods .....	26
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 .....	26
14. Information about unpaid loan or credit or any other credit or loan agreement default that has not been remedied on or before the end of the reporting period .....	26
15. 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 .....	27
16. In case of financial instruments carried at fair value - information about a change of the method of its determination .....	27
17. Information about a change in the classification of financial assets in consequence of a change of the purpose of utilisation of such assets .....	27
18. Information on the issue, redemption and repayment of non-share and equity securities .....	27
19. Information on the dividends paid or declared .....	27
20. Events after the balance sheet date .....	27
21. Information concerning changes of contingent liabilities or assets .....	27
22. Information about material changes in estimates .....	28
23. Impact of the classification of ArchiDoc S.A. and ArchiDoc MED as assets held for sale .....	28
24. Impact of the International Financial Reporting Standard 16 on the consolidated financial statements of the OEX Group for the first half of 2019 .....	32
25. Transactions with related parties .....	35
Selected financial data of OEX S.A. ....	36
Separate statement of financial position of OEX S.A. ....	37
Separate statement of profit or loss of OEX S.A. ....	39
Net profit (loss) per ordinary share (PLN) .....	39
Separate comprehensive income statement .....	40
Separate statement of changes in equity of OEX S.A. ....	41
Separate cash flow statement of OEX S.A. ....	43
Supplementary Notes to the Abbreviated Interim Separate Financial Statements of OEX S.A. ....	44
Approval for publication .....	45
Declaration of the Management Board of the issuer .....	46
Report on the activities of the OEX Group .....	47
1. Description of the organisation of the Issuer's group and indication of consolidated entities .....	47
2. Changes in the Group's structure in result of mergers, take-overs or sales of the Group's companies, long-term investments, divisions, restructuring or business discontinuations .....	48
3. Description of the Group's significant achievements or failures in the first half of 2019 .....	48
4. Description of non-typical factors and events influencing the assets, liabilities, equity, net result or cash flows .....	49
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) .....	49
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; ....	49
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 half-yearly statements, indication of changes thereto in the period from the publication of the previous quarterly report, separately for each such person; .....	50
8. Indication of significant court, arbitration or public administration proceedings .....	51
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 .....	51
10. Information on the grant by the Group's companies 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 .....	51
11. Other information, which in the Company's opinion is important for the assessment of the personnel, economic, financial position and the financial result of the Group as well as information that is important for the assessment of the Group's obligation discharge possibilities .....	51
12. Factors which, in the Company's opinion, will have an influence on the Group's results within the perspective of at least the next quarter .....	52
13. Description of risk and threat factors, with a specification to what extent the Issuer's group is exposed to them .....	53

## 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 after conversion into EUR are presented in the table:

	01/01- 30/06/2019*	01/01- 30/06/2018 (restated)*	01/01- 30/06/2019*	01/01- 30/06/2018 (restated)*
	k PLN		k EUR	
CONSOLIDATED STATEMENT OF PROFIT OR LOSS				
Sale revenues	281,807	255,012	65,720	60,151
Operating profit	8,194	8,173	1,911	1,928
Pre-tax profit	4,426	4,488	1,032	1,059
Net profit on continued activities	3,104	3,283	724	774
Net profit on assets held for sale	2,631	1,844	613	435
Total net profit	5,735	5,127	1,337	1,209
Net profit - share of the shareholders of the Parent Company	5,079	4,872	1,184	1,149
Earnings per share (PLN; EUR)	0.64	0.71	0.15	0.17
Diluted earnings per share (PLN; EUR)	0.64	0.69	0.15	0.16
Average exchange rate PLN / EUR in the period	X	X	4.2880	4.2395

\* the data presented for the period 01/01-30/06/2019 and 01/01-30/06/2018 allow for the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

	01/01- 30/06/2019*	01/01- 30/06/2018*	01/01- 30/06/2019*	01/01- 30/06/2018*
	k PLN		k EUR	
CONSOLIDATED CASH FLOW STATEMENT				
Net cash flows provided by operating activities	37,912	13,011	8,841	3,069
Net cash flows provided / (used) by investing activities	- 6,226	- 38,244	- 1,452	- 9,021
Net cash flows provided / (used) by financing activities	- 28,121	41,562	- 6,558	9,804
Total net cash flow	3,565	16,329	831	3,852
Average exchange rate PLN / EUR in the period	X	X	4.2880	4.2395

\* the data presented for the period 01/01-30/06/2019 and 01/01-30/06/2018 do not allow for the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

	30/06/2019*	31/12/2018	30/06/2019*	31/12/2018
	k PLN		k EUR	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Assets	445,801	355,093	104,845	82,580
Long-term liabilities	126,997	69,202	29,868	16,093
Short-term liabilities	170,063	142,395	39,996	33,115
Shareholder's equity	148,741	143,496	34,981	33,371
Equity - share of the parent company shareholders	146,100	141,021	34,360	32,796
PLN / EUR exchange rate at period end	X	X	4.2520	4.3000

\* data presented as at 30/06/2019 take into consideration the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

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.

	01/01- 30/06/2019	01/01/2010- 31/12/2018	01/01- 30/06/2018
<b>F/X RATE OF EUR</b>			
average exchange rate as at the period end	4.2520	4.3000	4.3616
average exchange rate of the period	4.2880	4.2669	4.2395

## Consolidated Statement of Financial Position

	30/06/2019*	30/06/2018	31/12/2018
<b>FIXED ASSETS</b>			
Goodwill	80,019	116,545	116,545
Intangible fixed assets	16,682	12,746	16,764
Tangible fixed assets	9,203	25,730	25,413
Right-of-use assets - premises and warehouses (IFRS 16)	75,866		
Right-of-use assets - other fixed assets (IFRS 16)	11,121		
Lease and rental receivables (IFRS 16)	5,417		
Investments in associates			34
Investments in other parties	500	500	500
Receivables and loans	914	1,075	1,285
Long-term prepayments	317	1,297	1,667
Deferred income tax assets	6,181	4,703	5,492
<b>Fixed assets</b>	<b>206,220</b>	<b>162,596</b>	<b>167,700</b>
<b>CURRENT ASSETS</b>			
Inventories	8,509	10,602	8,629
Trade Receivables and Other Receivables	100,161	103,423	137,099
Current income tax assets	504	733	33
Loans	115	25	21
Lease and rental receivables (IFRS 16)	2,011		
Short-term prepayments	13,170	12,257	15,031
Cash and cash equivalents	27,005	27,774	26,580
Fixed assets classified as held for sale	88,106		
<b>Current assets</b>	<b>239,581</b>	<b>154,814</b>	<b>187,393</b>
<b>Total assets</b>	<b>445,801</b>	<b>317,410</b>	<b>355,093</b>
<b>Shareholder's equity</b>			
Equity - share of the parent company shareholders:			
Share capital	1,598	1,378	1,598
Share premium	63,004	63,075	63,004
Reserve capital for the purchase of treasury shares	8,300		
Other Capitals	1,459	1,679	1,459
Retained profits:	71,739	64,297	74,960
- retained profit from previous years	66,660	59,425	59,425
- net profit for the parent company's shareholders	5,079	4,872	15,535
Equity - share of the parent company shareholders	146,100	130,429	141,021
Non-controlling shares	2,641	1,978	2,475
<b>Shareholder's equity</b>	<b>148,741</b>	<b>132,407</b>	<b>143,496</b>
<b>LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>			
Loans, credits	43,707	53,678	48,248
Right-of-use-related liabilities - premises and warehouses (IFRS 16)	66,237		
Right-of-use-related liabilities - other fixed assets (IFRS 16)	6,238	6,803	6,227
Deferred tax liabilities	10,655	10,473	10,383
Employee benefit liabilities	82	121	121

Other long-term provisions		31	31
Long-term prepayments	78	3,608	4,192
<b>Long-term liabilities</b>	<b>126,997</b>	<b>74,714</b>	<b>69,202</b>
<b>SHORT-TERM LIABILITIES</b>			
Trade liabilities and other liabilities	59,255	65,514	79,005
Factoring liabilities	11,465	6,442	11,312
Current tax liabilities	585	96	1,734
Loans, credits, other debt instruments	29,363	28,708	36,850
Right-of-use-related liabilities - premises and warehouses (IFRS 16)	18,693		
Right-of-use-related liabilities - other fixed assets (IFRS 16)	3,146	3,761	3,557
Employee benefit liabilities	6,203	3,735	7,259
Other short-term provisions	181	543	116
Short-term prepayments	899	1,490	2,562
Liabilities related to fixed assets held for sale	40,273		
<b>Short-term liabilities</b>	<b>170,063</b>	<b>110,289</b>	<b>142,395</b>
<b>Total provisions</b>	<b>297,060</b>	<b>185,003</b>	<b>211,597</b>
<b>Total equity and liabilities</b>	<b>445,801</b>	<b>317,410</b>	<b>355,093</b>

\* the data presented as at 30/06/2019 allow for the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

Book value	148,741	132,407	143,496
Number of shares (items)	7,989,984	6,888,539	7,989,984
Diluted number of shares (items)	7,989,984	7,989,984	7,989,984

BOOK VALUE PER ORDINARY SHARE (PLN)			
	30/06/2019	30/06/2018	31/12/2018
Book value of one share	18.62	19.22	17.96
Diluted book value per one share	18.62	16.57	17.96

## Consolidated statement of profit or loss

	01/01-30/06/2019*	01/01-30/06/2018 (restated)*
<b>Continued activities</b>		
<b>Sale revenues</b>	<b>281,807</b>	<b>255,012</b>
Revenue from the sale of services	208,386	180,123
Revenue from the sale of goods and materials	73,421	74,889
<b>Cost of sales</b>	<b>239,145</b>	<b>216,045</b>
Costs of services sold	172,248	144,404
Cost of goods and materials sold	66,897	71,641
<b>Gross profit on sale</b>	<b>42,662</b>	<b>38,967</b>
Selling costs	18,145	15,194
Administrative expenses	17,078	15,216
Other operating revenue	2,127	1,244
Other operating expenses	1,372	1,628
Profit (loss) on the sale of subsidiaries (+/-)		
<b>Operating profit</b>	<b>8,194</b>	<b>8,173</b>
Financial income	280	167
Financial costs	4,014	3,852
Share in the profit (loss) of entities measured using the equity method (+/-)	- 34	
<b>Pre-tax profit</b>	<b>4,426</b>	<b>4,488</b>
Income tax	1,322	1,205
<b>Net profit on continued activities</b>	<b>3,104</b>	<b>3,283</b>
<b>Discontinued operations and assets held for sale</b>		
Net profit on assets held for sale	2,631	1,844
<b>Net profit - share of</b>	<b>5,735</b>	<b>5,127</b>
- the parent company shareholders	5,079	4,872
- non-controlling shares	656	255

\* the data presented for the period 01/01-30/06/2019 and 01/01-30/06/2018 allow for the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale.

Average weighted number of ordinary shares (items)	7,989,984	6,888,539
Average weighted diluted number of ordinary shares (items)	7,989,984	7,040,672

## Net profit attributable to the shareholders of the parent company - per ordinary share (PLN)

	01/01-30/06/2019*	01/01-30/06/2018 (restated)*
<b>on continued operations</b>		
- basic	0.31	0.44
- diluted	0.31	0.43
<b>on continued operations and assets held for sale</b>		
- basic	0.64	0.71
- diluted	0.64	0.69

\* the data presented for the period 01/01-30/06/2019 and 01/01-30/06/2018 allow for the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale.

## Comprehensive statement of comprehensive income

	01/01-30/06/2019	01/01-30/06/2018
Net profit	5,735	5,127
Other comprehensive income		
Items not carried as financial profit or loss		
Items carried as financial profit or loss		
Comprehensive income	5,735	5,127
Comprehensive income - share of:		
- the parent company shareholders	5,079	4,872
- non-controlling shares	656	255



## Consolidated Statement of Changes in Equity

	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY SHAREHOLDERS						Non-controlling shares	TOTAL EQUITY
	Share capital	Share premium	Reserve capital for the purchase of treasury shares	Other Capitals	Retained profits	Total		
As at 01/01/2019	1,598	63,004	-	1,459	74,960	141,021	2,475	143,496
Balance after changes	1,598	63,004	-	1,459	74,960	141,021	2,475	143,496
CHANGES IN EQUITY IN THE PERIOD FROM 01/01 TO 30/06/2019								
Dividends							- 490	- 490
Transfer of supplementary capital to reserve capital reserve allocated to purchase treasury shares			8,300		- 8,300			
Total transactions with shareholders			8,300		- 8,300		- 490	- 490
Net profit for the period from 01/01 to 30/06/2019					5,079	5,079	656	5,735
Total comprehensive income					5,079	5,079	656	5,735
As at 30/06/2019	1,598	63,004	8,300	1,459	71,739	146,100	2,641	1481

	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY SHAREHOLDERS					Non-controlling shares	TOTAL EQUITY
	Share capital	Share premium	Other Capitals	Retained profits	Total		
As at 01/01/2018	1,378	44,960	1,459	59,425	107,222	1,723	108,945
Changes in accounting policies							
Error Correction							
Balance after changes	1,378	44,960	1,459	59,425	107,222	1,723	108,945
CHANGES IN EQUITY IN THE PERIOD FROM 01/01 TO 30/06/2018							
Issue of shares		18,115	220		18,335		18,335
Total transactions with shareholders		18,115	220		18,335		18,335
Net profit for the period from 01/01 to 30/06/2018				4,872	4,872	255	5,127
Other comprehensive income after taxation in the period from 01/01 to 30/06/2018							
Total comprehensive income				4,872	4,872	255	5,127
As at 30/06/2018	1,378	63,075	1,679	64,298	130,429	1,978	132,407

	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY SHAREHOLDERS					Non-controlling shares	TOTAL EQUITY
	Share capital	Share premium	Other Capitals	Retained profits	Total		
As at 01/01/2018	1,378	44,960	1,459	59,425	107,222	1,723	108,946
Changes in accounting policies							
Error Correction							
Balance after changes	1,378	44,960	1,459	59,425	107,222	1,723	108,946
CHANGES IN EQUITY IN THE PERIOD FROM 01/01 TO 31/12/2018							
Issue of shares	220	18,504			18,725		18,725
Costs of share issue		- 461			- 461		- 461
Total transactions with shareholders	220	18,043			18,264		18,264
Net profit for the period from 01/01 to 31/12/2018				15,535	15,535	752	16,287
Other comprehensive income after taxation in the period from 01/01 to 31/12/2018							
Total comprehensive income				15,535	15,535	752	16,287
As at 31/12/2018	1,598	63,003	1,459	74,961	141,021	2,475	143,496

## Consolidated Cash Flow Statement

	01/01-30/06/2019*	01/01-30/06/2018*
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
Pre-tax profit	7,436	6,655
Adjustments		
Depreciation and amortisation of fixed assets	3,194	4,113
Depreciation of the right-of-use assets - premises and warehouses (IFRS 16)	11,065	
Depreciation of the right-of-use assets - other fixed assets (IFRS 16)	2,048	
Profit (loss) on the sale of non-financial fixed assets	12	- 2
Profit (loss) on the sale of financial assets (other than derivatives)	- 24	
Interest expense	3,588	2,142
Interest and dividend income	- 193	- 796
Other adjustments	16	
<b>Total adjustments</b>	<b>19,706</b>	<b>5,457</b>
Change in inventories	120	12,180
Change in receivables	16,760	18,539
Change in liabilities	741	- 24,665
Change in provisions and prepayments	- 2,540	- 1,943
<b>Changes in working capital</b>	<b>15,081</b>	<b>4,111</b>
Taxes paid	- 4,310	- 3,214
<b>Net cash flows provided by operating activities</b>	<b>37,913</b>	<b>13,009</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Expenses to purchase fixed assets	- 6,655	- 3,740
Inflows from the sale of fixed assets	381	177
Net expenses to purchase subsidiaries less cash of such subsidiaries		- 34,433
Received repayments of loans granted	16	1,616
Loans granted	- 160	- 1,630
Expenses to purchase other financial assets		- 250
Interest income	191	16
<b>Net cash flows provided / (used) by investing activities</b>	<b>- 6,227</b>	<b>- 38,244</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Inflows from the issue of shares		18,335
Redemption of debt securities		- 20,000
Inflows from loans and credits contracted	2,548	68,283
Repayment of loans and advances	- 13,599	- 21,536
Repayment of the right-of-use-related liabilities - other fixed assets (IFRS 16)	- 2,370	- 2,200
Repayment of the right-of-use-related liabilities - premises and warehouses (IFRS 16)	- 11,689	
Interest paid	- 3,211	- 2,412
Factoring inflows	24,835	17,333
Repayment of factoring liabilities	- 24,683	- 15,875
Loan commissions paid/received	30	- 366
Other adjustments	18	
<b>Net flows provided / (used) by financing activities</b>	<b>- 28,121</b>	<b>41,562</b>
<b>Total net cash flows</b>	<b>3,565</b>	<b>16,327</b>
<b>Net change in cash and cash equivalents</b>	<b>3,565</b>	<b>16,327</b>
Cash and cash equivalents at period beginning	26,580	11,447
<b>Cash and cash equivalents at period end</b>	<b>30,145</b>	<b>27,774</b>

\* the data presented for the period 01/01-30/06/2019 and 01/01-30/06/2018 do not allow for the presentation of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale The impact of the elimination of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the consolidated cash flow statement for the first half of 2019 was presented in Note No. 23.

## Supplementary Notes to the Abbreviated Interim Consolidated Financial Statements of the OEX Group

---

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

#### 1.1. PREPARATION BASIS

The abbreviated interim consolidated financial statements of the Group (financial statements) comprise the period of 6 months ended on 30 June 2019 and contain the comparable data for the period of 6 months ended on 30 June 2018 and as at 31 December 2018.

The financial statements as at 30 June 2019 and as at 30 June 2018 were not audited by a statutory auditor.

The published consolidated financial data of the Group, with the exclusion from the consolidated statement of profit or loss for the first half of 2019 of the turnover of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. classified in 2019 as assets, were used as comparable data.

These 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 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 2018 published on 10 April 2019.

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 RULES

The consolidated financial statements presented herein 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 financial 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 abbreviated interim consolidated financial statements are compliant with the ones applied during the preparation of the Group's annual consolidated financial statements for the year ended on 31 December 2018, with the exception of the application of the new standards and interpretations effective for annual periods beginning on or after 01 January 2019:

##### NEW AND REVISED STANDARDS OR INTERPRETATIONS APPLIED:

The following new standards and amendments to standards that became effective on 01 January 2019 were adopted for the first time in these abbreviated interim consolidated financial statements:

- IFRS 16 *Leases* is effective for annual periods beginning on or after 01 January 2019. The new standard specified how to recognise, measure, present and disclose leases. All lease transactions result in the acquisition by the lessee of the right to use the asset and a liability related to the payment obligation. Consequently, IFRS 16 eliminated the classification of an operating lease and a financial lease as per IAS 17 and introduced a single model for the book-keeping recognition of lease by the lessor. The lessee is obliged to recognise: (a) assets and liabilities for all lease transactions made for a period of time exceeding 12 months, with the exception of situations when the given asset is of low value and (b) depreciation (amortisation) of the leased asset separately from the interest on the lease liability in the statement of profit or loss. IFRS 16 to a considerable extent has redone the regulations of IAS 17 concerning the book recognition of lease by the lessor. In consequence, the lessor continues the

classification into operating lease and financial lease and differentiates the book recognition. A detailed description of the IFRS 16 implementation and its impact on the consolidated statement of profit or loss has been given in item 24.

- Amendments to IFRS 9: *Prepayment Features with Negative Compensation*. IFRS 9 is effective for annual periods beginning on or after 01 January 2019 with an option of an earlier application. In consequence of the amendment to IFRS 9, entities will be allowed to measure the prepayment features with negative compensation at amortised cost or at fair value through other comprehensive income, if a defined condition has been satisfied - instead of measurement at fair value through profit or loss. The application of these amendments does not have any material impact on the consolidated financial statements of the Group.
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*. The 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 an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied. Additionally, the Board also published an example to illustrate the application of the requirements of IFRS 9 and IAS 28 to long-term interest in an associate or joint venture. The application of these amendments does not have any material impact on the consolidated financial statements of the Group.
- IFRIC 23: *Uncertainty over Income Tax Treatments*. IFRIC 23 clarifies the requirements concerning the treatment and measurement contained in IAS 12 in the situation of uncertainty over income tax treatments. IFRIC 23 clarifies the accounting for income taxes when there is no certainty whether or not the particular tax treatments adopted by the entity will be accepted by taxation authorities. In case when it is probable that a particular tax treatment is accepted by the taxation authorities, the entity has to determine the taxes in the financial statements consistently with the tax treatment included in its income tax filings, without reflecting the uncertainty in the accounting for the current and deferred taxes. Otherwise, the taxable basis (or tax loss), the tax value or unused tax losses should be recognised in an amount that provides better predictions of the resolution of the uncertainty, using the method of a single most probable result or the expected value method (a sum of probability-weighted possible solutions). When assessing the probability of acceptance, an entity should assume that a taxation authority will examine the amounts of uncertain tax treatments and will have full knowledge of all relevant information when doing so. The Group does not expect that the amendments should have any impact on the consolidated financial statements.
- 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 Tax* and IAS 23 *Borrowing Costs*. The improvements provide explanations and clarify the guidelines of the standards with regard to recognition and measurement. The application of these amendments does not have any material impact on the consolidated financial statements of the Group.
- IAS 19 *Employee Benefits*. The amendments to IAS 19 are effective for annual periods beginning on or after 01 January 2019. The amendments to the standard define requirements concerning the recognition of the defined benefit plan amendment, curtailment or settlement. The application of these amendments does not have any material impact on the consolidated financial statements of the Group.

### 1.3. PRINCIPLE OF MATERIALITY

Particular pieces of information are material if, when omitted or misstated, they could influence the economic decisions that users make on the basis of the financial statements.

The information materiality depends on the item amount or error - assessed in the specific circumstances - in case the given item is omitted or misstated. The materiality, therefore, is a threshold or a limit, and not a fundamental feature the given information must have to be useful.

The principle of materiality concerns the presentations in the financial statements of information that is useful for and influencing on the assessment of the economic and financial situation as well as 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.

**Pursuant to the accounting policy adopted, the Group has assumed the following criteria of materiality:**

- 1% of the balance sheet total or
- 0.5% of total revenues.

When assessing the materiality, the lower of the values as determined on the basis of the above-mentioned criteria is assumed.

The application of the principle of materiality means that the detailed requirements concerning the disclosures as given in the standard or interpretation need not be fulfilled, if the information is not material.

### 1.4. ESTIMATION UNCERTAINTY

When preparing these abbreviated interim consolidated financial statements, the Parent Company's Management Board uses its best judgement when making the estimates and assumptions that influence the accounting policies (rules) 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 2018.

Additionally, the uncertainty of estimates results from the implementation of IFRS 16. The implementation required subjective judgements to be made when preparing estimates and assumptions, all of which influenced the measurement of financial lease liabilities and the rights to use the assets:

- when determining the remaining lease period with regard to the agreements made for an indefinite period of time and executed before 1 January 2019, a 5-year time horizon has been adopted as their outstanding duration,
- when determining the lessee's incremental borrowing rate of interest to be applied when discounting future cash flows, a single rate fixed for the Group at the level of an average cost of borrowing was adopted,
- when indicating the useful lives and amortisation rates for the rights-of-use assets recognised as at 01 January 2019, periods adequate to the assumed expected life of an asset were adopted.

## 2. Description of the Group's Organisation

THE OEX S.A. GROUP IS COMPOSED OF:

- **THE PARENT COMPANY - OEX S.A.**

OEX S.A. ('Company', 'Parent Company', 'Issuer') 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 shares of the parent company are listed at the Warsaw Stock Exchange.

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

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. 05 September 2019, was the following:

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

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. 05 September 2019, 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

The objects of the business of OEX S.A. comprises the activity of holding companies, consisting in the provision for the benefit of companies from its Group, a number of services supporting their operational business such as, without limitation, HR and payroll services, legal and compliance support services, as well as services concerning the strategic consulting, controlling, finance, and public relations.

• SUBSIDIARIES PRESENTED IN THE TABLE BELOW:

SUBSIDIARIES OF OEX SA			
Name of the Company	Registered office	% of shares/participations held directly	% of shares/participations held indirectly
Tell Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100	
Euromphone 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 MED 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	
OEX 24 Sp. z o. o.	ul. Klimczaka 1, 02-797 Warszawa	100	

All the entities of the OEX S.A. Group indicated above are subject to full consolidation as at the balance sheet day, i.e. 30 June 2019.

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

Furthermore, as at 30 June 2019, the Group also comprises an associate company – Face and Look S.A. with registered office in Warsaw. The associate is consolidated using the equity method.

The object of the business of the Group companies is to provide services for the business. Descriptions of the objects of business of particular subsidiaries and associates are given in item 3 of the Explanatory Notes to the consolidated financial statements.

**Planned sale of shares in ArchiDoc S.A. – assets held for sale**

On 19 July 2019, the Management Board of OEX S.A. received from Offsite Archive Storage & Integrated Services Ltd. a final offer of purchase of 4,250,000 shares in ArchiDoc S.A. constituting 100% of its share capital. The offer is based on a comprehensive potential valuation of the company equal to PLN 85 million, which comprises the preliminary selling price (up to PLN 70 million, assuming the ordinary working capital level, no cash and no debt on the side of ArchiDoc S.A.) and conditional additional payments depending on the company's future performance (up to PLN 15 million).

As the conditions terminating the transaction, the buyer has indicated the following:

- completion of a final confirmatory examination of the situation of ArchiDoc consisting in the talks with the main clients of ArchiDoc,
- stipulation by the parties of the content and execution of the transaction documentation, including in particular the share sale agreement,
- obtaining an authorisation from the Office of Competition and Consumer Protection.

Pursuant to the offer, OASIS will have exclusivity as regards the negotiations with OEX S.A. on the finalisation of the transaction until 30 September 2019.

The parent company then concluded that the terms and conditions presented in the investor's offer are acceptable and started working jointly with the Investor on the finalisation of the transaction.

The business of ArchiDoc S.A. and its subsidiary ArchiDoc MED Sp. z o.o. was qualified as assets held for sale. Pursuant to IFRS 5, the Group restated the information concerning the assets held for sale of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. in the consolidated statement of profit or loss for the previous financial period so that such disclosures concerned all such assets held for sale before the balance sheet date of the latest period presented.

The assets held for sale were measured at book value.

In Note No. 23, the Group presented the Group's financial data as if ArchiDoc S.A. and ArchiDoc MED. Sp. z o.o. were not qualified as assets held for sale.



Additionally, in Note 23, the Group presented the impact of classification of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the consolidated statement of profit or loss for the first half of 2019 and 2018 and the impact of classification of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the consolidated cash flow statement for the first half of 2019.

### 3. Operating segments

The OEX Group has 4 operational segments:

- Retail Sale Network Management Segment
- Sale Support Segment
- E-business Segment
- BPO Segment

#### 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 January 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 PERIOD				
	as at 30/06/2019	as at 30/06/2018	change y/y in pcs.	y/y in %
Orange network stores	185	127	58	145.7%
T-Mobile network stores	96	97	-1	99.0%
Plus network stores	66	68	-2	97.1%
<b>Total stores</b>	<b>347</b>	<b>292</b>	<b>55</b>	<b>118.8%</b>

AVERAGE NUMBER OF STORES IN THE REPORTING PERIOD				
	average in the period 01/01-30/06/2019	average in the period 01/01-30/06/2018	change y/y in pcs.	y/y in %
Orange network stores	185.0	127.0	58	145.7%
T-Mobile network stores	96.7	99.0	-2	97.6%
Plus network stores	66.0	68.0	-2	97.1%
<b>Total stores</b>	<b>347.7</b>	<b>294.0</b>	<b>54</b>	<b>118.3%</b>

BREAKDOWN OF REVENUE				
	01/01-30/06/2019	01/01-30/06/2018	change y/y in %	
Commission on the sale of telecommunication services	61,846	52,985	116.7%	
Sets and pre-paid refills	2,868	5,490	52.2%	
Postpaid contract phones	20,449	44,833	45.6%	
Other revenue	6,294	5,597	112.4%	
<b>Total</b>	<b>91,456</b>	<b>108,905</b>	<b>84.0%</b>	

VOLUMES OF SERVICES SOLD			
	01/01-30/06/2019	01/01-30/06/2018	change y/y in %
Postpaid activations	411,765	345,755	119.1%
Prepaid activations	74,842	46,188	162.0%
<b>Total</b>	<b>486,607</b>	<b>391,943</b>	<b>124.2%</b>

### 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. 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 sale and marketing processes 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
- 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 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 E-business segment comprises also the business of OEX 24 Sp. z o.o. established in 2018. The company was created in order to carry out support processes for the modern domestic and international trade and to connect sellers by means of technology. The Company manages the eCommerceB2B platform - a global B2B marketplace platform which supports producers and distributors in the digitalisation of sale channels. It enables and facilitates international sales, providing access to clients at selected markets. It also provides a wide range of sale support services, e.g. e-marketing.

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 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 44.000 sq.m. and capacity of 71.000 pallet places - based on WMS (warehouse management system). The operation quality consistency is ensured by ISO 9001:2008.

### 3.4. BPO SEGMENT

The main services of the BPO (Business Process Outsourcing) Segment include 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 provided by the BPO Segment include, but are not limited to:**

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. 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.

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 comprise 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 650 professional contact centre work stations.

REVENUES AND RESULTS OF OPERATING SEGMENTS:						
	Sale network management	Sale Support	E-business	BPO*	Not allocated	Total*
FOR THE PERIOD FROM 01/01 TO 30/06/2019						
Revenue from external customers	91,231	93,711	85,286	42,120	22	312,370
Revenue from the sales between segments	23	712	1,383	37	3,104	5,259
Total revenue	91,254	94,423	86,669	42,157	3,126	317,629
Segment's operating result	8,456	917	545	3,608	- 2,103	11,423
EBITDA	14,863	2,649	5,079	7,003	- 1,865	27,730
Amortisation and depreciation	6,407	1,732	4,534	3,396	238	16,307
Financial income						286
Financial costs						4,239
Gross profit						7,436
Income tax						1,701
Net profit						5,735
FOR THE PERIOD FROM 01/01 TO 30/06/2018						
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
EBITDA	7,764	3,007	1,836	4,166	- 2,231	14,542
Amortisation and depreciation	949	1,081	980	997	106	4,113
Financial income						177
Financial costs						3,950
Gross profit						6,655
Income tax						1,527
Net profit						5,127

\* without elimination of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale (until the final sale of the companies, the Group's Management Board analyses the segment results without allowing for the possibility of the shares being sold)

The Group has one counterparty whose share in the Group's turnover exceeded 10%. The Group made 11.7% of its turnover with that entity. The revenue from this counterparty are generated by a company from the 'Sale Network Management' segment.

In order to ensure the comparability of data presented, below are presented the results of the OEX Group's operating segments for the first half of 2019 before the impact of IFRS 16.

	Sale network management	Sale Support	E-business	BPO*	Not allocated	Total*
FOR THE PERIOD FROM 01/01 TO 30/06/2019						
Operating result, excluding the impact of IFRS 16	8,032	1,268	373	3,466	- 2,116	11,023
EBITDA, excluding the impact of IFRS 16	9,271	2,295	1,673	4,463	- 1,997	15,705

\* without the exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

GEOGRAPHICAL AREAS - REVENUES:		
	01/01-30/06/2019	01/01-30/06/2018
Poland	229,124	226,876
Europe	51,656	27,893
Asia	350	141
Africa	24	3
North America	653	99
<b>Total P&amp;L</b>	<b>281,807</b>	<b>255,012</b>
Poland – assets held for sale	30,563	22,981
<b>Total</b>	<b>312,370</b>	<b>277,993</b>

Below is presented a reconciliation of the impact of exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the revenues and results of the operational segments of the OEX Group in the first half of 2019.

	Revenues and results of operating segments without the separation of ArchiDoc and ArchiDoc MED as assets held for sale	Revenues and results of operating segments with the separation of ArchiDoc and ArchiDoc MED as assets held for sale	Impact of the separation of ArchiDoc and ArchiDoc MED as assets held for sale
<b>FOR THE PERIOD FROM 01/01 TO 30/06/2019</b>			
Revenue from external customers	312,370	281,807	30,563
Revenue from the sales between segments	5,259	5,361	- 102
Total revenue	317,629	287,168	30,461
Segment's operating result	11,423	8,194	3,229
<b>EBITDA</b>	<b>27,730</b>	<b>22,068</b>	<b>5,662</b>
Amortisation and depreciation	16,307	13,874	2,433
Financial income	286	280	6
Financial costs	4,239	4,014	225
Gross profit	7,436	4,426	3,010
Income tax	1,701	1,322	379
Net profit	5,735	3,104	2,631
<b>FOR THE PERIOD FROM 01/01 TO 30/06/2018</b>			
Revenue from external customers	277,993	255,012	22,981
Revenue from the sales between segments	5,882	5,251	631
Total revenue	283,875	260,263	23,612
Segment's operating result	10,429	8,171	2,258
<b>EBITDA</b>	<b>14,542</b>	<b>11,577</b>	<b>2,965</b>
Amortisation and depreciation	4,113	3,406	707
Financial income	177	167	10
Financial costs	3,950	3,852	98
Gross profit	6,655	4,488	2,167
Income tax	1,527	1,205	322
Net profit	5,127	3,283	1,844

#### 4. Explanations concerning the seasonality or cyclicity of the Group'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., OEX 24 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 about the creation, utilisation and reversal of impairment charges on inventories

IMPAIRMENT OF INVENTORIES			
	01/01-30/06/2019	01/01-30/06/2018	01/01/2010-31/12/2018
State as at period beginning	1,348	691	688
Loss expensed as cost in the period	320	395	660
Reversal of impairments in the period (-)	- 404		
State as at period end	1,264	1,086	1,348

#### 6. Information about the creation, utilisation and reversal of impairment charges on financial assets

IMPAIRMENT OF RECEIVABLES AND LOANS			
	01/01-30/06/2019	01/01-30/06/2018	01/01/2010-31/12/2018
State as at period beginning	6,189	4,397	4,397
Loss expensed as cost in the period	168	311	2,262
Reversal of impairments carried as revenue in the period	- 431	- 3	- 69
Provisions used		- 173	- 274
State as at period end	5,926	4,532	6,316

#### 7. Information on the creation, 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:

	Long-term provisions for:		Other provisions, including provisions for:				
	Employee benefits	Other provisions	Accrued holidays	Payroll costs	Other employee benefits	Other provisions	Total
FOR THE PERIOD FROM 01/01 TO 30/06/2019							



State as at period beginning	82		1,643	1,849		79	3,571
Provision increase carried as expense in the period			833			146	979
Provision increase carried as income in the period (-)				- 4		- 44	- 48
Utilisation of provisions (-)			- 323	- 1,647			- 1,970
Provisions as at 30/06/2019	82		2,153	198		181	2,532
<b>FOR THE PERIOD FROM 01/01 TO 30/06/2018</b>							
State as at period beginning	121	31	1,753	945		281	2,979
Provision increase carried as expense in the period			291	181	8	345	825
Provision increase carried as income in the period (-)				- 596			- 596
Utilisation of provisions (-)			- 177	- 108		- 83	- 368
Provisions as at 30/06/2018	121	31	1,867	423	8	543	2,840
<b>FOR THE PERIOD FROM 01/01 TO 31/12/2018</b>							
State as at period beginning	121	31	1,753	945		281	2,979
Provision increase carried as expense in the period			580	1,917	8	35	2,540
Provision increase carried as income in the period (-)			- 277	- 759		- 96	- 1,132
Utilisation of provisions (-)			- 177	- 186		- 104	- 467
Provisions as at 31/12/2018	121	31	1,879	1,917	8	116	3,920

## 8. Information about deferred income tax assets and liabilities

	30/06/2019	30/06/2018	31/12/2018
<b>DEFERRED INCOME TAX LIABILITIES</b>			
State as at period beginning	9,732	10,207	10,207
Impact on the net financial result	- 923	- 266	- 176
State as at period end	10,655	10,473	10,383
<b>DEFERRED INCOME TAX ASSETS</b>			
State as at period beginning	4,853	4,111	4,111
Impact on the net financial result	1,328	592	1,381
State as at period end	6,181	4,703	5,492

## 9. Information about material transactions of acquisition and disposal of tangible 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 30/06/2019</b>					
Net carrying amount as at 01/01/2019	6,259	6,350	11,376	1,164	25,149
Increase (acquisition, production, lease)	683	296	700	1,692	3,371
Decrease (disposal, liquidation) (-)	- 255	- 324	- 124	- 1,845	- 2,548
Depreciation and amortisation (-)	- 659	76	- 430		- 1,013
Change of presentation in relation with the IFRS 16 adoption	- 2,594	-6,288	-6,656	-307	-15,845
Net carrying amount as at 30/06/2019	3,434	170	4,866	704	9,174
<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
Acquisition by a business combination		- 72			- 72
Increase (acquisition, production, lease)	785	4,048	941	1,176	6,950
Decrease (disposal, liquidation) (-)	- 5	- 57	- 110	- 970	- 1,142
Depreciation and amortisation (-)	- 1,070	- 1,383	- 791		- 3,244
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 31/12/2018</b>					
Net carrying amount as at 01/01/2018	6,349	4,506	11,612	770	23,238
Increase (acquisition, production, lease)	2,530	5,396	1,678	2,697	12,301
Decrease (disposal, liquidation) (-)	- 474	- 551	- 321	- 2,101	- 3,446
Other changes in the value (+/-)		- 211		- 203	- 413
Depreciation and amortisation (-)	- 2,146	- 2,790	- 1,593		- 6,530
Net carrying amount as at 31/12/2018	6,259	6,350	11,376	1,164	25,149

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

As at 30 June 2019, 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 2019 to 30 June 2019, 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 any impact on the fair value of financial assets and financial liabilities.

## 14. Information about unpaid loan or credit or any other credit or loan agreement default that has not been remedied on or before the end of the reporting period

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. 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

Significant transactions with related parties are made at arm's length only.

## 16. 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.

## 17. 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.

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

In the reporting period, there were no issues, redemptions or repayments of non-share and equity securities.

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

The funds allocated for the acquisition of the Company's treasury shares may not be higher than PLN 8,000, whereby the funds allocated for the purchase of the treasury shares will originate from the Company's own funds in the reserve capital set aside in accordance with Resolution No. 22 of the Ordinary General Meeting of Shareholders dated 25 June 2019 created from the profits or another amount which - pursuant to Art. 348 § 1 of the Polish Code of Commercial Companies - may be allocated for distribution.

By virtue of Resolution No. 22 of the Ordinary General Meeting of Shareholders of OEX dated 25 June 2019, a reserve capital for the acquisition by the Company of its treasury shares pursuant to Resolution No. 21 was created. The amount of the reserve capital was determined at PLN 8,300 thousand. The reserve capital was created from a transfer of PLN 8,300 thousand from the Company's supplementary capital. The reserve capital shall be allocated in whole for the acquisition of the Company's treasury shares, including all the acquisition costs.

## 19. Information on the dividends paid or declared

In the reporting period, OEX S.A. did not pay dividends. No dividends were declared either. The General Meeting of Shareholders of the Parent Company that took place on 29 May 2019 decided to allocate the net profit of OEX S.A. for 2018 in the amount of PLN 10,760 thousand to the supplementary capital in whole.

## 20. Events after the balance sheet date

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 consolidated interim financial statements do not comprise any significant events concerning the previous years.

After the date on which the abbreviated interim consolidated financial statements were made, there were no significant events.

## 21. Information concerning changes of contingent liabilities or assets

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

LIABILITIES TO OTHER PARTIES:	30/06/2019*	30/06/2018	31/12/2018
Liability repayment guarantee			
Guarantees originated	16,202	14,668	15,744

Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court	505		589
Disputed cases and cases in court related to the IRS			
Other Contingent Liabilities	4,725	4,888	4,725
<b>Total contingent liabilities</b>	<b>21,432</b>	<b>19,556</b>	<b>21,058</b>

\* without exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o.

## 22. Information about material changes in estimates

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

## 23. Impact of the classification of ArchiDoc S.A. and ArchiDoc MED as assets held for sale

In order to maintain the comparability of the financial statements presented, below are presented the basic statement templates, i.e. consolidated statement of financial position and the consolidated statement of profit or loss, in a way as if the businesses of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. had not been classified as assets held for sale.

The impact of the elimination of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the consolidated cash flow statement for the first half of 2019 was also presented. The consolidated statement of financial position without the exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

	30/06/2019	30/06/2018 (published)	31/12/2018 (published)
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Goodwill	116,545	116,545	116,545
Intangible fixed assets	17,219	12,746	16,764
Tangible fixed assets	11,581	25,730	25,413
Right-of-use assets - premises and warehouses (IFRS 16)	95,859		
Right-of-use assets - other fixed assets (IFRS 16)	18,478		
Lease and rental receivables (IFRS 16)	5,417		
Investments in associates			34
Investments in other parties	500	500	500
Receivables and loans	932	1,075	1,285
Long-term prepayments	1,763	1,297	1,667
Deferred income tax assets	7,576	4,703	5,492
<b>Fixed assets</b>	<b>275,870</b>	<b>162,596</b>	<b>167,700</b>
<b>CURRENT ASSETS</b>			
Inventories	8,509	10,602	8,629
Trade Receivables and Other Receivables	113,122	103,423	137,099
Current income tax assets	534	733	33
Loans	166	25	21
Lease and rental receivables (IFRS 16)	2,010		
Short-term prepayments	15,445	12,257	15,031
Cash and cash equivalents	30,145	27,774	26,580
Fixed assets classified as held for sale			
<b>Current assets</b>	<b>169,931</b>	<b>154,814</b>	<b>187,393</b>
<b>Total assets</b>	<b>445,801</b>	<b>317,410</b>	<b>355,093</b>

<b>SHAREHOLDERS' EQUITY</b>			
<b>Shareholder's equity</b>			
Equity - share of the parent company shareholders:			
Share capital	1,598	1,378	1,598
Share premium	63,004	63,075	63,004
Reserve capital for the purchase of treasury shares	8,300		

Other Capitals	1,459	1,679	1,459
Retained profits:	71,739	64,297	74,960
- retained profit from previous years	66,660	59,425	59,425
- net profit for the parent company's shareholders	5,079	4,872	15,535
Equity - share of the parent company shareholders	146,100	130,429	141,021
Non-controlling shares	2,641	1,978	2,475
<b>Shareholder's equity</b>	<b>148,741</b>	<b>132,407</b>	<b>143,496</b>
<b>LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>			
Loans, credits	43,707	53,678	48,248
Right-of-use-related liabilities - premises and warehouses (IFRS 16)	85,268		
Right-of-use-related liabilities - other fixed assets (IFRS 16)	10,245	6,803	6,227
Deferred tax liabilities	11,510	10,473	10,383
Employee benefit liabilities	121	121	121
Other long-term provisions	31	31	31
Long-term prepayments	1,453	3,608	4,192
<b>Long-term liabilities</b>	<b>152,335</b>	<b>74,714</b>	<b>69,202</b>
<b>SHORT-TERM LIABILITIES</b>			
Trade liabilities and other liabilities	65,787	65,514	79,005
Factoring liabilities	11,465	6,442	11,312
Current tax liabilities	585	96	1,734
Loans, credits, other debt instruments	30,489	28,708	36,850
Right-of-use-related liabilities - premises and warehouses (IFRS 16)	24,167		
Right-of-use-related liabilities - other fixed assets (IFRS 16)	4,353	3,761	3,557
Employee benefit liabilities	6,499	3,735	7,259
Other short-term provisions	218	543	116
Short-term prepayments	1,162	1,490	2,562
<b>Short-term liabilities</b>	<b>144,725</b>	<b>110,289</b>	<b>142,395</b>
<b>Total provisions</b>	<b>297,060</b>	<b>185,003</b>	<b>211,597</b>
<b>Total equity and liabilities</b>	<b>445,801</b>	<b>317,410</b>	<b>355,093</b>

The consolidated statement of profit or loss without the exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

	01/01-30/06/2019	01/01-30/06/2018 (published)
<b>Continued activities</b>		
<b>Sale revenues</b>	<b>312,370</b>	<b>277,993</b>
Revenue from the sale of services	238,949	203,104
Revenue from the sale of goods and materials	73,421	74,889
<b>Cost of sales</b>	<b>262,321</b>	<b>232,967</b>
Costs of services sold	195,424	161,326
Cost of goods and materials sold	66,897	71,641
<b>Gross profit on sale</b>	<b>50,049</b>	<b>45,026</b>
Selling costs	18,996	15,968
Administrative expenses	20,454	18,345
Other operating revenue	2,618	1,373
Other operating expenses	1,793	1,657
<b>Operating profit</b>	<b>11,423</b>	<b>10,429</b>
Financial income	286	176
Financial costs	4,239	3,950
Share in the profit (loss) of entities measured using the equity method (+/-)	- 34	
<b>Pre-tax profit</b>	<b>7,436</b>	<b>6,655</b>
Income tax	1,701	1,528
<b>Net profit on continued activities</b>	<b>5,735</b>	<b>5,127</b>
<b>Discontinued operations and assets held for sale</b>		
Net profit (loss) on assets held for sale		
<b>Net profit - share of</b>	<b>5,735</b>	<b>5,127</b>
- the parent company shareholders	5,079	4,872
- non-controlling shares	656	255

Impact of the elimination of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the consolidated statement of profit or loss for the first half of 2019 and 2018.

	01/01-30/06/2019 Impact of the exclusion of ArchiDoc and ArchiDoc MED as assets held for sale	01/01-30/06/2018 Impact of the exclusion of ArchiDoc and ArchiDoc MED as assets held for sale
<b>Continued activities</b>		
<b>Sale revenues</b>	<b>-30,563</b>	<b>-22,981</b>
Revenue from the sale of services	-30,563	-22,981
Revenue from the sale of goods and materials	-	-
<b>Cost of sales</b>	<b>-23,176</b>	<b>-16,922</b>
Costs of services sold	-23,176	-16,922
Cost of goods and materials sold	-	-
<b>Gross profit on sale</b>	<b>-7,387</b>	<b>-6,059</b>
Selling costs	-851	-774
Administrative expenses	-3,376	-3,129
Other operating revenue	-491	-129
Other operating expenses	-421	-29
<b>Operating profit</b>	<b>-3,229</b>	<b>-2,256</b>
Financial income	-6	-9
Financial costs	-225	-98
Share in the profit (loss) of entities measured using the equity method (+/-)	-	
<b>Pre-tax profit</b>	<b>-3,010</b>	<b>-2,167</b>

Income tax	-379	-323
<b>Net profit on continued activities</b>	<b>-2,631</b>	<b>-1,844</b>
<b>Discontinued operations and assets held for sale</b>		
Net profit (loss) on assets held for sale	2,631	1,844
<b>Net profit - share of</b>	<b>-</b>	<b>-</b>
- the parent company shareholders	-	-
- non-controlling shares	-	-

Impact of the elimination of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale on the consolidated cash flow statement for the first half of 2019:

	01/01-30/06/2019 Without exclusion of ArchiDoc and ArchiDoc MED as assets held for sale	01/01-30/06/2019 Impact of the exclusion of ArchiDoc and ArchiDoc MED as assets held for sale	01/01-30/06/2019 Including the exclusion of ArchiDoc and ArchiDoc MED as assets held for sale
<b>CASH FLOW FROM OPERATING ACTIVITY</b>			
<b>Pre-tax profit</b>	<b>7,436</b>	<b>-3,010</b>	<b>4,426</b>
<b>Adjustments</b>			
Depreciation and amortisation of fixed assets	3,194	-414	2,780
Depreciation of the right-of-use assets - premises and warehouses (IFRS 16)	11,065	-1,686	9,379
Depreciation of the right-of-use assets - other fixed assets (IFRS 16)	2,048	-333	1,715
Profit (loss) on the sale of non-financial fixed assets	12	17	29
Profit (loss) on the sale of financial assets (other than derivatives)	- 24	-	-24
Interest expense	3,588	-138	3,450
Interest and dividend income	- 193	1	-192
Other adjustments	16	846	862
<b>Total adjustments</b>	<b>19,706</b>	<b>-1,706</b>	<b>18,000</b>
Change in inventories	120	-	120
Change in receivables	16,760	-233	16,527
Change in liabilities	741	-524	217
Change in provisions and prepayments	- 2,540	2,194	-4,734
<b>Changes in working capital</b>	<b>15,081</b>	<b>-2,951</b>	<b>12,130</b>
Taxes paid	- 4,310	1,061	-3,249
<b>Net cash flows provided by operating activities</b>	<b>37,913</b>	<b>-6,606</b>	<b>31,307</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>			
Expenses to purchase fixed assets	- 6,655	459	-6,196
Inflows from the sale of fixed assets	381	-34	347
Net expenses to purchase subsidiaries less cash of such subsidiaries		-	-
Received repayments of loans granted	16	-	16
Loans granted	- 160	50	-110
Expenses to purchase other financial assets		-	-
Interest income	191	-	191
<b>Net cash flows provided / (used) by investing activities</b>	<b>- 6,227</b>	<b>-476</b>	<b>-5,751</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>			
Inflows from the issue of shares		-	-
Redemption of debt securities		-	-
Inflows from loans and credits contracted	2,548	-1,126	1,422
Repayment of loans and advances	- 13,599	1,835	-11,764
Repayment of the right-of-use-related liabilities - other fixed assets (IFRS 16)	- 2,370	616	-1,754
Repayment of the right-of-use-related liabilities - premises and warehouses (IFRS 16)	- 11,690	1,681	-10,009
Interest paid	- 3,211	138	-3,073
Factoring inflows	24,835	-	24,835

Repayment of factoring liabilities	- 24,683	-	-24,683
Loan commissions paid/received	30	-	30
Other adjustments	18	-18	-
<b>Net flows provided / (used) by financing activities</b>	<b>- 28,121</b>	<b>3,126</b>	<b>-24,995</b>
<b>Total net cash flows</b>	<b>3,565</b>	<b>-3,004</b>	<b>561</b>
<b>Net change in cash and cash equivalents</b>	<b>3,565</b>	<b>-3,004</b>	<b>561</b>
Cash and cash equivalents at period beginning	26,580	136	26,444
<b>Cash and cash equivalents at period end</b>	<b>30,145</b>	<b>3,140</b>	<b>27,005</b>

## 24. Impact of the International Financial Reporting Standard 16 on the consolidated financial statements of the OEX Group for the first half of 2019

IFRS 16 *Leases* is effective for annual periods beginning on or after 01 January 2019. The new standard specified how to recognise, measure, present and disclose leases. All lease transactions result in the acquisition by the lessee of the right to use the asset and a liability related to the payment obligation. Consequently, IFRS 16 eliminated the classification of an operating lease and a financial lease as per IAS 17 and introduced a single model for the book-keeping recognition of lease by the lessor. The lessee is obliged to recognise: (a) assets and liabilities for all lease transactions made for a period of time exceeding 12 months, with the exception of situations when the given asset is of low value and (b) depreciation (amortisation) of the leased asset separately from the interest on the lease liability in the statement of profit or loss. IFRS 16 to a considerable extent has redone the regulations of IAS 17 concerning the book recognition of lease by the lessor. In consequence, the lessor continues the classification into operating lease and financial lease and differentiates the book recognition.

At the lessor's side, the lease is classified as financial lease, when substantially there is a transfer of all the risks and rewards of ownership of the given assets. Otherwise, the lease is classified as operating lease.

The Group implemented the changes resulting from the new standard as of 1 January 2019.

The Group decided to use the modified retrospective application (with the aggregate effect of the first application) as per IFRS 16:C5(b). Therefore, the Group did not convert the comparable data but recognised the accumulated IFRS 16 adoption effect as an adjustment of the shareholder's equity (retained profit) as at the date of the first standard adoption. Upon the first IFRS 16 adoption, the liability under lease was measured at the present value of the outstanding lease payments as discounted using the lessee's incremental borrowing rate of interest on the first adoption day. Upon the first IFRS 16 adoption, the right to use the asset was measured at the amount equal to the liability under lease as adjusted by the amounts of all downpayments or accrued lease payments concerning the given lease, as recognised in the statement of financial position directly preceding the date of the first adoption. No changes were foreseen as regards the operating lease agreements in which the agreement validity as at 1 January 2019 was up to 12 months and lease agreements concerning low value assets. In those cases, the Group decided to recognise the lease costs using the straight line method. The Group excluded from the estimation the intercompany agreements due to their expected immaterial influence on the financial statements.

In relation with the IFRS 16 adoption, the Group divided the right-of-use assets into two groups:

- the right-of-use assets - premises and warehouses. This group includes all the assets that meet the definition of the right of use only as per IFRS 16. They would not have been classified as such before the effective date of this standard.
- the right-of-use assets - other fixed assets. This group includes all the assets meeting the definition of assets both under IAS 17 and IFRS 16, which would have been classified as such irrespective of IFRS 16.

Similarly, the Group divided the right-of-use liabilities.



Below is a presentation of a y/y comparison of the consolidated statement of profit or loss and the consolidated cash flow statement that do not account for the exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale and, at the same time, indicate the impact of IFRS 16 on the statements for the first half of 2019.

	01/01-30/06/2019	01/01-30/06/2019	01/01-30/06/2019	01/01-30/06/2018 (published)
	Including IFRS 16	Impact of IFRS 16	Excluding IFRS 16	
<b>Sale revenues</b>	<b>312,370</b>	<b>-767</b>	<b>313,137</b>	<b>277,993</b>
<b>Operating expense</b>	<b>301,771</b>	<b>-1,162</b>	<b>302,933</b>	<b>267,280</b>
Other operating revenue	2,618	5	2,613	1,373
Other operating expenses	1,793		1,793	1,657
<b>Operating profit</b>	<b>11,423</b>	<b>400</b>	<b>11,023</b>	<b>10,429</b>
<b>EBITDA</b>	<b>27,730</b>	<b>12,024</b>	<b>15,705</b>	<b>14,542</b>
Financial income	286	123	163	176
Financial costs	4,239	1,184	3,055	3,950
Share in the profit (loss) of entities measured using the equity method (+/-)	-34		-34	
<b>Pre-tax profit</b>	<b>7,436</b>	<b>-661</b>	<b>8,097</b>	<b>6,655</b>
Income tax	1,701	-50	1,751	1,528
<b>Net profit on continued activities</b>	<b>5,735</b>	<b>-611</b>	<b>6,346</b>	<b>5,127</b>
<b>Net profit - share of</b>	<b>5,735</b>	<b>-611</b>	<b>6,346</b>	<b>5,127</b>
- non-controlling shares	656	-17	673	255
- the parent company shareholders	5,079	-594	5,674	4,872

	01/01- 30/06/2019	01/01- 30/06/2019	
	Including IFRS 16	Excluding IFRS 16	Impact of IFRS 16
<b>Profit (loss) before taxation</b>	<b>7,436</b>	<b>8,097</b>	<b>- 661</b>
Adjustment of operating activities	30,477	18,751	11,726
Net cash flows provided by operating activities	37,913	27,848	11,065
Net cash flows provided / (used) by investing activities	- 6,226	- 6,226	
Net cash flows provided / (used) by financing activities	- 28,121	- 17,056	- 11,065
Total cash flow	3,566	3,566	

Below is a presentation of a y/y comparison of the consolidated statement of profit or loss and the consolidated cash flow statement that account for the exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale and, at the same time, indicate the impact of IFRS 16 on the statements for the first half of 2019.

	01/01-30/06/2019	01/01-30/06/2019	01/01-30/06/2019	01/01-30/06/2018 (restated)
	Including IFRS 16	Impact of IFRS 16	Excluding IFRS 16	
<b>Sale revenues</b>	<b>281,807</b>	<b>- 767</b>	<b>282,574</b>	<b>255,012</b>
<b>Operating expense</b>	<b>274,368</b>	<b>-1,102</b>	<b>275,470</b>	<b>246,455</b>
Other operating revenue	2,127	5	2,122	1,244
Other operating expenses	1,372		1,372	1,628
<b>Operating profit</b>	<b>8,194</b>	<b>340</b>	<b>7,854</b>	<b>8,173</b>
<b>EBITDA</b>	<b>22,067</b>	<b>10,258</b>	<b>11,809</b>	<b>11,579</b>
Financial income	280	123	157	167
Financial costs	4,014	1,092	2,922	3,852
Share in the profit (loss) of entities measured using the equity method (+/-)	-34		-34	
<b>Pre-tax profit</b>	<b>4,426</b>	<b>-629</b>	<b>5,055</b>	<b>4,488</b>
Income tax	1,322	- 50	1,372	1,205
<b>Net profit on continued activities</b>	<b>3,104</b>	<b>-579</b>	<b>3,683</b>	<b>3,283</b>
<b>Discontinued operations and assets held for sale</b>				
Net profit on assets held for sale	2,631	- 32	2,663	1,844
<b>Net profit - share of</b>	<b>5,735</b>	<b>-611</b>	<b>6,346</b>	<b>5,127</b>
- the parent company shareholders	5,079	- 594	5,673	4,872
- non-controlling shares	656	- 17	673	255

	01/01- 30/06/2019	01/01- 30/06/2019	
	Including IFRS 16	Excluding IFRS 16	Impact of IFRS 16
<b>Profit (loss) before taxation</b>	<b>4,426</b>	<b>5,055</b>	<b>- 629</b>
Adjustment of operating activities	26,881	16,873	10,008
Net cash flows provided by operating activities	31,307	21,928	9,379
Net cash flows provided / (used) by investing activities	- 5,751	-5,751	
Net cash flows provided / (used) by financing activities	- 24,995	-15,616	-9,379
<b>Total cash flow</b>	<b>561</b>	<b>561</b>	

## 25. Transactions with related parties

Transactions between the parent Company and its subsidiaries were eliminated from the consolidated financial statements. Transactions between the Group and companies with personal links and members of key managerial or supervisory personnel and their family members in the period of 6 months ended on 30 June 2019 and on 30 June 2018 have been presented below:

	01/01-30/06/2019	01/01-30/06/2018
<b>Sale to related parties</b>	<b>2,199</b>	<b>1,051</b>
companies with personal links	1,998	903
key management personnel	201	148
<b>Purchase from related entities</b>	<b>2,850</b>	<b>9,454</b>
companies with personal links	2,636	8,827*
key management personnel	214	627
<b>Remuneration of key personnel</b>	<b>1,538</b>	<b>1322</b>

\*. including earn-out on the price for the acquisition of shares in ArchiDoc S.A. in the amount of PLN 5,438 thousand

## 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 after conversion into EUR are presented in the tables below:

	01/01- 30/06/2019	01/01- 30/06/2018	01/01- 30/06/2019	01/01- 30/06/2018
	k PLN		k EUR	
STATEMENT OF PROFIT OR LOSS				
Sale revenues	3,104	3,092	724	729
Operating profit (loss)	- 23	- 235	- 5	- 55
Pre-tax profit	13,799	12,137	3,218	2,863
Net profit	13,913	12,311	3,245	2,904
Earnings per share (PLN; EUR)	1.74	1.79	0.41	0.42
Diluted earnings per share (PLN; EUR)	1.74	1.75	0.41	0.42
Average exchange rate PLN / EUR in the period	X	X	4.2880	4.2395

	01/01- 30/06/2019	01/01- 30/06/2018	01/01- 30/06/2019	01/01- 30/06/2018
	k PLN		k EUR	
CASH FLOW STATEMENT				
Net cash flows provided by operating activities	289	1,240	67	293
Net cash flows provided / (used) by investing activities	- 356	- 33,411	- 83	- 7,881
Net cash flows provided / (used) by financing activities	- 5,282	51,077	- 1,232	12,047
Total net cash flow	- 5,349	18,906	- 1,247	4,459
Average exchange rate PLN / EUR in the period	X	X	4.2880	4.2395

	30/06/2019	31/12/2018 (restated)	30/06/2019	31/12/2018 (restated)
	k PLN		k EUR	
STATEMENT OF FINANCIAL POSITION				
Assets	180,623	168,175	42,480	39,110
Long-term liabilities	41,381	44,603	9,732	10,373
Short-term liabilities	11,456	9,699	2,694	2,256
Shareholder's equity	127,786	113,873	30,053	26,482
PLN / EUR exchange rate at period end	X	X	4.2520	4.3000

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.

	01/01- 30/06/2019	01/01/2010- 31/12/2018	01/01- 30/06/2018
<b>F/X RATE OF EUR</b>			
average exchange rate as at the period end	4.2520	4.3000	4.3616
average exchange rate of the period	4.2880	4.2669	4.2395

## Separate statement of financial position of OEX S.A.

	30/06/2019*	30/06/2018	31/12/2018
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	199	229	218
Tangible fixed assets	52	566	482
Right-of-use assets - premises and warehouses (IFRS 16)	934		
Right-of-use assets - other fixed assets (IFRS 16)	415		
Interests in subsidiaries	84,516	124,158	125,158
Receivables and loans		35	
Deferred income tax assets	1,088	703	974
<b>Fixed assets</b>	<b>87,204</b>	<b>125,691</b>	<b>126,832</b>
<b>CURRENT ASSETS</b>			
Trade Receivables and Other Receivables	1,138	9,509	2,387
Loans	16,564	15,634	16,232
Dividend income from subsidiaries	12,330		
Short-term prepayments	88	72	18
Cash and cash equivalents	17,357	22,117	22,706
Fixed assets classified as held for sale	45,942		
<b>Current assets</b>	<b>93,419</b>	<b>47,332</b>	<b>41,343</b>
<b>Total assets</b>	<b>180,623</b>	<b>173,023</b>	<b>168,175</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Shareholder's equity</b>			
Share capital	1,598	1,378	1,598
Share premium	63,004	63,075	63,004
Reserve capital for the purchase of treasury shares	8,300		
Other Capitals	1,459	1,679	1,459
Retained profits:	53,425	49,363	47,812
- retained profit from previous years	39,512	37,052	37,052
- net profit	13,913	12,311	10,760
<b>Shareholder's equity</b>	<b>127,786</b>	<b>115,495</b>	<b>113,873</b>
<b>LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>			
Loans, credits	40,457	48,828	44,348
Right-of-use-related liabilities - premises and warehouses (IFRS 16)	747		
Right-of-use-related liabilities - other fixed assets (IFRS 16)	174		252
Other liabilities		407	
Deferred tax liabilities	3		3
Employee benefit liabilities		5	
<b>Long-term liabilities</b>	<b>41,381</b>	<b>49,240</b>	<b>44,603</b>
<b>SHORT-TERM LIABILITIES</b>			
Trade liabilities and other liabilities	3,229	1,045	1,595
Loans, credits, other debt instruments	7,758	7,049	7,711
Right-of-use-related liabilities - premises and warehouses (IFRS 16)	255		
Right-of-use-related liabilities - other fixed assets (IFRS 16)	156	77	155
Employee benefit liabilities	58	117	238
<b>Short-term liabilities</b>	<b>11,456</b>	<b>8,288</b>	<b>9,699</b>
<b>Total provisions</b>	<b>52,837</b>	<b>57,528</b>	<b>54,302</b>

Total equity and liabilities	180,623	173,023	168,175
------------------------------	---------	---------	---------

\* data presented as at 30/06/2019 allow for the presentation of shares held in ArchiDoc S.A. as assets held for sale

Book value	127,786	115,495	113,873
Number of shares (items)	7,989,984	6,888,539	7,989,984
Diluted number of shares (items)	7,989,984	7,989,984	7,989,984

BOOK VALUE PER ORDINARY SHARE (PLN)			
	30/06/2019	30/06/2018	31/12/2018
Book value of one share	15.99	16.77	14.25
Diluted book value per one share	15.99	14.45	14.25

## Separate statement of profit or loss of OEX S.A.

	01/01-30/06/2019	01/01-30/06/2018
Continued activities		
<b>Sale revenues</b>	<b>3,104</b>	<b>3,092</b>
Revenue from the sale of services	3,104	3,092
<b>Cost of sales</b>	<b>2,764</b>	<b>2,673</b>
Costs of services sold	2,764	2,673
<b>Gross profit on sale</b>	<b>340</b>	<b>418</b>
Selling costs		
Administrative expenses	344	524
Other operating revenue	21	116
Other operating expenses	39	245
<b>Operating profit (loss)</b>	<b>- 23</b>	<b>- 235</b>
Financial income	15,064	13,562
Financial costs	1,242	1,190
<b>Pre-tax profit</b>	<b>13,799</b>	<b>12,137</b>
Income tax	- 114	- 174
<b>Net profit on continued activities</b>	<b>13,913</b>	<b>12,311</b>
<b>Discontinued operations and assets held for sale</b>		
<b>Net profit</b>	<b>13,913</b>	<b>12,311</b>

Average weighted number of ordinary shares (items)	7,989,984	6,888,539
Average weighted diluted number of ordinary shares (items)	7,989,984	7,040,672

## Net profit (loss) per ordinary share (PLN)

	01/01-30/06/2019	01/01-30/06/2018
<b>on continued operations</b>		
- basic	1.74	1.79
- diluted	1.74	1.75
<b>on continued and discontinued operations / assets held for sale</b>		
- basic	1.74	1.79
- diluted	1.74	1.75

## Separate comprehensive income statement

---

	01/01-30/06/2019	01/01-30/06/2018
Net profit	13,913	12,311
Other comprehensive income		
Items not carried as financial profit or loss		
Items carried as financial profit or loss		
Comprehensive income	13,913	12,311



## Separate statement of changes in equity of OEX S.A.

	Share capital	Share premium	Reserve capital for the purchase of treasury shares	Other Capitals	Retained profits	TOTAL EQUITY
As at 01/01/2019	1,598	63,004	-	1,459	47,812	113,873
Balance after changes	1,598	63,004	-	1,459	47,812	113,873
CHANGES IN EQUITY IN THE PERIOD FROM 01/01 TO 30/06/2019						
Allocation of the supplementary capital to reserve capital for the purchase of shares			8,300		- 8,300	
Total transactions with shareholders			8,300		- 8,300	
Net profit for the period from 01/01 to 30/06/2019					13,913	13,913
Total comprehensive income					13,913	13,913
As at 30/06/2019	1,598	63,004	8,300	1,459	53,425	127,786

	Share capital	Share premium	Other Capitals	Retained profits	TOTAL EQUITY
As at 01/01/2018	1,378	44,960	1,459	37,052	84,849
Balance after changes	1,378	44,960	1,459	37,052	84,849
CHANGES IN EQUITY IN THE PERIOD FROM 01/01 TO 30/06/2018					
Issue of shares		18,115	220		18,335
Total transactions with shareholders		18,115	220		18,335
Net profit for the period from 01/01 to 30/06/2018				12,311	12,311
Total comprehensive income				12,311	12,311
As at 30/06/2018	1,378	63,075	1,679	49,363	115,495

	Share capital	Share premium	Other Capitals	Retained profits	TOTAL EQUITY
As at 01/01/2018	1,378	44,960	1,459	37,052	84,849
Balance after changes	1,378	44,960	1,459	37,052	84,849
CHANGES IN EQUITY IN THE PERIOD FROM 01/01 TO 31/12/2018					
Issue of shares	220	18,505			18,725
Costs of share issue		-461			-461
Total transactions with shareholders	220	18,044			18,264
Net profit for the period from 01/01 to 31/12/2018				10,760	10,760
Total comprehensive income				10,760	10,760
As at 31/12/2018	1,598	63,004	1,469	47,812	113,873

S

## Separate cash flow statement of OEX S.A.

	01/01-30/06/2019	01/01-30/06/2018
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
Pre-tax profit	13,799	12,137
Adjustments:		
Depreciation and amortisation of fixed assets	35	106
Depreciation of the right-of-use assets - premises and warehouses (IFRS 16)	117	
Depreciation of the right-of-use assets - other fixed assets (IFRS 16)	86	
Interest expense	1,241	792
Interest and dividend income	- 15,014	- 13,985
Total adjustments	- 13,535	- 13,087
Change in receivables	1,250	3,285
Change in liabilities	- 1,154	- 885
Change in provisions and prepayments	- 71	- 211
Changes in working capital	25	2,190
Net cash flows provided by operating activities	289	1,240
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Expenses to purchase fixed assets	- 9	- 9
Net expenses to purchase subsidiaries	- 2,700	- 34,433
Received repayments of loans granted	4,169	2,100
Loans granted	- 4,501	- 7,100
Interest income	485	285
Dividend income	2,200	5,746
Net cash flows provided / (used) by investing activities	- 356	- 33,411
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Inflows from the issue of shares		18,335
Redemption of debt securities		- 20,000
Inflows from loans and credits contracted		57,032
Repayment of loans and advances	- 4,010	- 2,510
Repayment of the right-of-use-related liabilities - other fixed assets (IFRS 16)	- 77	- 73
Repayment of the right-of-use-related liabilities - premises and warehouses (IFRS 16)	- 127	
Interest paid	- 1,098	- 1,341
Loan commissions paid/returned	30	- 366
Net flows provided / (used) by financing activities	- 5,282	51,077
Total net cash flows	- 5,349	18,906
Net change in cash and cash equivalents	- 5,349	18,906
Cash and cash equivalents at period beginning	22,706	3,211
Cash and cash equivalents at period end	17,357	22,117

## Supplementary Notes to the Abbreviated Interim Separate Financial Statements of OEX S.A.

---

On 19 July 2019, the Management Board of OEX S.A. received from Offsite Archive Storage & Integrated Services Ltd. a final offer of purchase of 4,250,000 shares in ArchiDoc S.A. constituting 100% of its share capital. OEX S.A. concluded that the terms and conditions presented in the investor's offer were acceptable and started working jointly with the Investor on the finalisation of the transaction. In this relation, the shares in ArchiDoc S.A. held by OEX S.A. were presented as at 30 June 2019 as fixed assets held for sale.

The remaining information and disclosures as required by the provisions of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information to be disclosed by security on conditions of recognition of information required by the laws of a state that is not a member-state, including: a description of significant achievements made in the period of the first half of 2019 and factors and events with an impact on the financial performance of OEX S.A., explanations concerning the seasonal or cyclical character of the activities of the Company, information on the issue, redemption and repayment of non-share and equity securities as well as events after the balance sheet date were provided in the supplementary notes to the abbreviated quarterly consolidated financial statements.

## Approval for publication

The interim abbreviated consolidated financial statements of the OEX S.A. Group for the first half of 2019 and the interim abbreviated interim financial statements of OEX S.A. (including the comparable data) were approved for publication by the Management Board of OEX S.A. on 05 September 2019.

Signatures of all Management Board Members

Date	Name and Surname	Function	Signature
05 September 2019	Jerzy Motz	President of the Management Board	
05 September 2019	Rafał Stempniewicz	Management Board Member	
05 September 2019	Robert Krasowski	Management Board Member	
05 September 2019	Artur Wojtaszek	Management Board Member	
05 September 2019	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 ongoing and periodical information to be given by issuers of securities, the Management Board of the issuer hereby states and declares that:

- to the best of its knowledge, the abbreviated interim consolidated financial statements of the OEX Group and the comparable data have been prepared in accordance with the accounting policies in force and they present the economic and financial situation of the Group as well as its financial result in a true, reliable and fair manner,
- to the best of its knowledge, the abbreviated interim financial statements of OEX S.A. and the comparable data have been prepared in accordance with the accounting policies in force and they present the economic and financial situation of OEX S.A. as well as its financial result in a true, reliable and fair manner,
- the half-yearly report on the activities of the OEX Group gives a true picture of the development, achievement and situation of the Group, including a description of basic risks and threats.

Signatures of all Management Board Members

Date	Name and Surname	Function	Signature
05 September 2019	Jerzy Motz	President of the Management Board	
05 September 2019	Rafał Stempniewicz	Management Board Member	
05 September 2019	Robert Krasowski	Management Board Member	
05 September 2019	Artur Wojtaszek	Management Board Member	
05 September 2019	Tomasz Słowiński	Management Board Member	

## 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 IS COMPOSED OF:

- **THE PARENT COMPANY - OEX S.A.**

OEX S.A. ('Company', 'Parent Company', 'Issuer') 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 shares of the parent company are listed at the Warsaw Stock Exchange. The principal place of business of the parent company is in Warsaw, at ul. Franciszka Klimczaka 1.

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. 05 September 2019, was the following:

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

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. 05 September 2019, 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

The objects of the business of OEX S.A. comprises the activity of holding companies, consisting in the provision for the benefit of companies from its Group, a number of services supporting their operational business such as, without limitation, HR and payroll services, legal and compliance support services, as well as services concerning the strategic consulting, controlling, finance, and public relations.

- **SUBSIDIARIES PRESENTED IN THE TABLE BELOW:**

SUBSIDIARIES OF OEX SA			
Name of the Company	Registered office	% of shares/participations held directly	% of shares/participations held indirectly
Tell Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100	
Europhone Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100	
PTI Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100	
OEX Cursor S.A.	ul. Równoległa 4A, 02-235 Warszawa	100	
Merservice Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
Pro People Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
OEX E-Business Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100	
Divante Sp. z o.o.	ul. Dmowskiego 17, 50-203 Wrocław	51.03	
ArchiDoc S.A.	ul. Niedźwiedziniec 10, 41-506 Chorzów	100	
ArchiDoc MED 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	
OEX 24 Sp. z o.o.	ul. Klimczaka 1, 02-797 Warszawa	100	

All the entities of the OEX S.A. Group indicated above are subject to full consolidation as at the balance sheet day, i.e. 30 June 2019.

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

Furthermore, as at 30 June 2019, the Group also comprises an associate company – Face and Look S.A. with registered office in Warsaw. The associate is consolidated using the equity method.

The object of the business of the Group companies is to provide services for the business. Descriptions of the objects of business of particular subsidiaries and associates are given in item 3 of the Explanatory Notes to the consolidated financial statements.

## 2. Changes in the Group's structure in result of mergers, take-overs or sales of the Group's companies, long-term investments, divisions, restructuring or business discontinuations

In the first half of 2019, there were no changes to the structure of the OEX Group.

## 3. Description of the Group's significant achievements or failures in the first half of 2019

The analysis below presents the Group's data without the exclusion of ArchiDoc S.A. and ArchiDoc MED Sp. z o.o. as assets held for sale

The sale revenues reported in the first half of 2019 amounted to kPLN 312,370 and were higher by 12.4% than the revenue generated in the corresponding period of the previous year. The application of IFRS 16 had a marginal impact on the revenues – after the exclusion of that impact, the y/y change in revenue rose by 12.6%. Of significant impact on the revenues was the change in the settlement system with Orange Polska S.A., described in detail in the Group's 2018 annual financial statements, which consisted in the replacement of the merchandise trade in mobile phones with a consignment system. After the exclusion of the impact of the fall in non-margin revenues from the sale of mobile phones and the impact of the IFRS 16 adoption, the Group noted a y/y rise in revenues of 26.5%.

The operating profit reported in first half of 2019 amounted to kPLN 11,423 and was higher by 9.5% than the one earned in the first half of 2018. The IFRS 16 adoption had a positive impact on the operating profit, increasing it by PLN 400 thousand. After the exclusion of the above-mentioned impact, the operating profit amounted to kPLN 11,023 and the y/y change equalled 5.7%.

In result of the above-mentioned changes to the settlement system with Orange Polska S.A., in 2019 the Group does not generate revenue from the commission on the instalment sale service and the corresponding financial costs in the Retail Sale Network Management segment. This change is neutral as regards the Group's gross profit but leads to a decrease in the y/y operating profit (the impact on the operating profit in the first half of 2018 was PLN 1,337 thousand). After the exclusion of the impact of this factor on the operating profit of the first half of 2018 and of the impact of the IFRS 16 adoption in the first half of 2019, the Group noted a y/y rise in the operating profit by 21.2%.

The operating profit plus depreciation (EBITDA) reported in the first half of 2019 amounted to kPLN 27,730 and was higher by 90.7% than in the corresponding period of the previous year. The IFRS 16 application had a significant positive impact on the EBITDA, in consequence of a considerable rise in the depreciation amount on this account which in the first half of 2019 amounted to PLN 11,624 thousand. In aggregate, the impact of the IFRS 16 adoption on EBITDA amounted to PLN 12,025 thousand. After the exclusion of the above-mentioned impact, the operating profit plus depreciation (EBITDA) amounted to kPLN 15,705 and the y/y change equalled 8.0%. The changes to the settlement system with Orange Polska S.A. described herein above had an analogous impact also on the level of EBITDA. After the exclusion of the impact of this factor on the results of the first half of 2018 and of the impact of the IFRS 16 adoption in the first half of 2019, the Group noted a rise in EBITDA by 18.9%.

Allowing for all the standardisations indicated above, the total EBITDA of the four operational segments in the first half of 2019 amounted to kPLN 17,702 and was higher by 17.7% than the total EBITDA of the operational segments in the first half of 2018. The highest share in the total EBITDA of the operating segments in the first half 2019 was held by the Retail Sale Network Management Segment and amounted to 52.4%.: EBITDA of that segment noted a rise on the result of the corresponding period of the previous year by kPLN 2,844, i.e. by 44.2%. To a considerable extent this is owing to the extension of the sale network by stores taken-over in administration from Orange Polska S.A. in July 2018. The share of the Sale Support Segment in total EBITDA of all operational segments in the first half 2019 amounted to 13.0%. EBITDA of this segment saw a y/y fall by kPLN 712, i.e. by 23.7%. This segment sees a strong cost-reduction pressure. The share of the E-Business segment in total EBITDA of all operational segments in the first half 2019 amounted to 9.5%. EBITDA of this segment saw a y/y fall by kPLN 163, i.e. by 8.9%. The share of the BPO segment in total EBITDA of all operational segments in the first half 2019 amounted to 25.2%. EBITDA of this segment saw a y/y rise by kPLN 297, i.e. by 7.1%.

The financial costs reported in the first half of 2019 amounted to kPLN 4,239 and were higher by 7.3% than the financial costs incurred in the first half of 2018. The IFRS 16 adoption impacted the growth in the financial costs by PLN 1,184 thousand. After the exclusion of the above-mentioned impact, the financial costs amounted to kPLN 3,055, which is a y/y fall by 22.7%. In result of the above-mentioned changes to the settlement system with Orange Polska S.A. in the first half of 2019, there were no costs resulting from the fees for servicing the instalment sales for Orange Polska S.A. In the first half of 2018, in turn, they amounted to kPLN 1,337 out of the total of PLN 3,950 thousand. After the exclusion of the fees for servicing the instalment sales in the first half of 2018 and of the impact of the IFRS 16 adoption in the first half of 2019, the financial costs of the Group saw a y/y rise by kPLN 442, i.e. by 16.9%.



The gross profit in the first half of 2019 amounted to kPLN 7,436 and was higher than in the corresponding period of the previous year by 11.7%. The IFRS 16 adoption impacted the decrease in the gross profit by kPLN 661 thousand. After the exclusion of the above-mentioned impact, the gross profit amounted to kPLN 8,097, which translates into a y/y rise by 21.7%. The above-mentioned changes to the settlement system with Orange Polska S.A. did not have any impact on the gross profit in 2019 and in 2018.

The net profit reported in the first half of 2019 amounted to kPLN 5,735 and was higher on a y/y basis by 11.9%. The IFRS 16 adoption impacted the decrease in the net profit by kPLN 611 thousand. After the exclusion of the above-mentioned impact, the net profit amounted to kPLN 6,346, which translates into a y/y rise by 23.8%. The above-mentioned changes to the settlement system with Orange Polska S.A. did not have any impact on the net profit in 2019 and in 2018.

The reported net profit attributable to the shareholders of the parent company (OEX S.A.) in the first half of 2019 amounted to kPLN 5,079 and was higher on a y/y basis by 4.2%. The IFRS 16 adoption impacted the decrease in the net profit attributable to the shareholders of the parent company by PLN 595 thousand. After the exclusion of the above-mentioned impact, the net profit attributable to the shareholders of the parent company amounted to kPLN 5,674, which translates into a y/y rise by 16.5%. The above-mentioned changes to the settlement system with Orange Polska S.A. did not have any impact on the net profit in 2019 and in 2018.

#### 4. Description of non-typical factors and events influencing the assets, liabilities, equity, net result or cash flows

In the first half of 2019, there were no extraordinary factors or events.

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

The funds allocated for the acquisition of the Company's treasury shares may not be higher than PLN 8,000, whereby the funds allocated for the purchase of the treasury shares will originate from the Company's own funds in the reserve capital set aside in accordance with Resolution No. 22 of the Ordinary General Meeting of Shareholders dated 25 June 2019 created from the profits or another amount which - pursuant to Art. 348 § 1 of the Polish Code of Commercial Companies - may be allocated for distribution.

By virtue of Resolution No. 22 of the Ordinary General Meeting of Shareholders of OEX dated 25 June 2019, a reserve capital for the acquisition by the Company of its treasury shares pursuant to Resolution No. 21 was created. The amount of the reserve capital was determined at PLN 8,300 thousand. The reserve capital was created from a transfer of PLN 8,300 thousand from the Company's supplementary capital. The reserve capital shall be allocated in whole for the acquisition of the Company's treasury shares, including all the acquisition costs.

#### 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 the forecast of the 2019 results.

#### 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 2019, the registered share capital of the Company amounted to PLN 1,597,996.80 (in 2018: PLN 1,597,996.80) 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.

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 2019.

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%
Jerzy Motz, indirectly via subsidiaries:	2,002,687	2,162,295	25.06%	23.07%
- Precordia Capital Sp. z o.o. directly	1,034,433	1,194,041	12.95%	12.74%
- Precordia Capital Sp. z o.o. indirectly via Real Management S.A.	968,254	968,254	12.12%	10.33%
Piotr Cholewa , indirectly via subsidiary Silquern S.a r.l.	801,096	801,096	10.03%	8.55%
Michał Szramowski directly and indirectly via:	468,770	468,770	5.87%	5.00%
- MS Investments spółka z ograniczoną odpowiedzialnością sp.k.	459,733	459,733	5.75%	4.91%
Others	2,182,330	2,182,330	27.31%	23.29%
<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 2019).

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%
Jerzy Motz, indirectly via subsidiaries:	2,002,687	2,162,295	25.06%	23.07%
- Precordia Capital Sp. z o.o. directly	1,034,433	1,194,041	12.95%	12.74%
- Precordia Capital Sp. z o.o. indirectly via Real Management S.A.	968,254	968,254	12.12%	10.33%
Piotr Cholewa , indirectly via subsidiary Silquern S.a r.l.	801,096	801,096	10.03%	8.55%
Michał Szramowski, directly and indirectly via MS Investments Sp. z o.o. sp.k.	468,770	468,770	5.87%	5.00%
Others	2,182,330	2,182,330	27.31%	23.29%
<b>Total</b>	<b>7,989,984</b>	<b>9,371,296</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 half-yearly 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 2019.

	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.	801,096	801,096	10.03%	8.55%
Michał Szramowski, directly and indirectly via MS Investments Sp. z o.o. sp.k.	468,770	468,770	5.87%	5.00%
Tomasz Kwiecień	17,650	17,650	0.22%	0.19%
<b>Members of the Management Board</b>				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	2,002,687	2,162,295	25.06%	23.07%

Rafał Stempniewicz	96,714	96,714	1.21%	1.03%
Artur Wojtaszek	59,000	59,000	0.74%	0.63%
Robert Krasowski	10,889	10,889	0.14%	0.12%

List of shares held by persons managing or supervising the issuer as at the date of publication of the previous quarterly report (16 May 2019).

	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.	801,096	801,096	10.03%	8.55%
Michał Szramowski, directly and indirectly via MS Investments Sp. z o.o. sp.k.	468,770	468,770	5.87%	5.00%
Tomasz Kwiecień	17,650	17,650	0.22%	0.19%
<b>Members of the Management Board</b>				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	2,002,687	2,162,295	25.06%	23.07%
Rafał Stempniewicz	94,590	94,590	1.18%	1.01%
Artur Wojtaszek	59,000	59,000	0.74%	0.63%
Robert Krasowski	10,889	10,889	0.14%	0.12%

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

Neither the Parent Company nor the subsidiaries are parties to significant legal proceedings in 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 at arm's length transactions.

## 10. Information on the grant by the Group's companies 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 Parent Company nor the Group's subsidiaries granted any security for a loan or a credit and did not give any significant guarantees.

## 11. Other information, which in the Company's opinion is important for the assessment of the personnel, economic, financial position and the financial result of the Group as well as information that is important for the assessment of the Group'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 settlement system concerning the telecommunications equipment. Instead of the current system, where Tell Sp. z o.o. acquired the equipment on its own account from Orange Polska S.A. an consignment system has been implemented since 21 May 2018.

Until 20 May 2018, Tell Sp. z o.o. would acquire 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 would sell such phones in two variants:

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

Since 21 May 2018, Tell Sp. z o.o. has been receiving the phones on the consignment system basis (and, consequently, does not recognise their values in its financial statements). The sale is made on behalf of and for the Operator and the systems and electronic cash registration devices of Orange Polska S.A. are used. 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. Factors which, in the Company's opinion, will have an influence on the Group's results within the perspective of at least the 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 banking and insurance sector.

They shall comprise, in particular:

- a) uninterrupted performance of existing contracts in the Sale Support and the E-Business segments as well as the acquisition of new contracts as per the internal plans;

The Sale Support segment's results have been under a strong pressure for a few quarters now. The activities undertaken so far in order to improve the commercial conditions of the provision of services and to change the costs structure have not produced expected results. Therefore, the companies of this segment in the second half of this year, for yet another time, will carry out renegotiations of terms and conditions of those contracts where the profitability is low or non-existing. At the same time, the companies have undertaken far-fetching restructuring activities in the area of field structure organisation in order to lower the level of fixed costs. In case of no satisfactory results of activities undertaken on the revenue side within the horizon of the next quarter, the companies allow for the possibility of termination of contracts with low or non-existing profitability and performance of further field structure reductions so that, despite the decreased scale of operations, the

effectiveness of the operations be increased. The Sale Support segment is the group's operational segment most exposed to changes on the labour market.

b) performance of agreements with the mobile phone operators, taking into account:

- seasonality;
- promotional actions planned by the mobile phone operators;
- performance level of sale plans imposed on the Group companies by operators;

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) potential equity transactions on the market on which the Group operates.

A particularly important factor that will potentially have a material positive impact on the financial performance of the Group is the finalisation of the sale of 100% of shares in ArchiDoc S.A. On 19 July 2019, the Management Board of OEX S.A. received from Offsite Archive Storage & Integrated Services Ltd. a final purchase offer for 4,250,000 shares in ArchiDoc S.A. constituting 100% of its share capital (ongoing report No. 24/2019). The offer is based on a comprehensive potential valuation of the company equal to PLN 85 million, which comprises the preliminary selling price (up to PLN 70 million, assuming the ordinary working capital level, no cash and no debt on the side of ArchiDoc S.A.) and conditional additional payments depending on the company's future performance (up to PLN 15 million). As the conditions terminating the transaction, the buyer has indicated the following:

- completion of a final confirmatory examination of the situation of ArchiDoc consisting in the talks with the main clients of ArchiDoc,
- stipulation by the parties of the content and execution of the transaction documentation, including in particular the share sale agreement,
- obtaining an authorisation from the Office of Competition and Consumer Protection.

Pursuant to the offer, OASIS has exclusivity as regards the negotiations with OEX S.A. on the finalisation of the transaction until 30 September 2019.

In relation with the negotiations afoot, the business of ArchiDoc S.A. and its subsidiary ArchiDoc MED Sp. z o.o. has been classified as per IFRS 5 as assets held for sale. In case the transaction is finalised, the Group will have a capital gain and, at the same time, the results of ArchiDoc S.A. and its subsidiary ArchiDoc MED Sp. z o.o. will not contribute in the future to the operating result of the Group. In case the transaction takes place, the Issuer also assumes a repayment of the total debt under the investment loan taken out to finance the purchase of shares in ArchiDoc S.A., i.e. the amount of ca. PLN 40 million.

### 13. Description of risk and threat factors, with a specification to what extent the Issuer's group is exposed to them.

#### 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., Merservice Sp. z o.o., and since 2017 also ArchiDoc S.A. and Voice Contact Center Sp. z o.o. will allow 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.

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

A threat to the Sale Support segment may also be 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 previous 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 gain several percent of new clients who need e-business services. In relation with the foregoing, the portfolio of clients impacts considerably the diminution of the risk related to growing 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 pay rises, both resulting from the changes of the minimum wage changes and from the pay pressure stemming from a limited pool of candidates, translate directly into the availability of employees and, consequently, increase the employee acquisition costs.

Considering the foregoing, the OEX Group appointed a specialist entity - Pro People sp. z o.o., the main task of which is to secure the recruitment needs of the 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 attaches great importance to compliance. Planned changes concerning the labour law and social insurance are of great significance for the business of the OEX Group companies. The development of legislative work related to, for example the new Labour Code, is monitored on an ongoing basis.

Considering the fact that flexible forms of employment are used in term projects, this area belongs to key ones and is under a permanent analysis. However, until the new provisions gain their final shape, the Issuer verifies various scenarios. Currently, the OEX Group concentrates its activities on tight cost control, productivity increase and project management improvement. The Issuer also sees additional development opportunities in the area of outsourcing solutions for clients that search ways to optimise costs.

#### RISK OF DEPARTURE OF KEY EMPLOYEES

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

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

#### RISK RELATED TO IMPROPER SERVICE PERFORMANCE

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

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

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

#### RISK RELATED TO THE CONDUCTION OF BUSINESS USING IT TECHNOLOGIES

The business of the OEX Group involves the use of IT infrastructure as well as dedicated software. In this relation, the OEX Group companies are exposed to 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 entry into force in May 2018 of the 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 (GDPR) means for the OEX Group companies that they have to adjust their internal regulations and security systems as appropriate. 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. Lack of any operating practice of the supervision authorities may lead to a risk that penalties may be imposed on controllers and processors and the amount of such penalties was defined in GDPR at the higher of EUR 20 million or 4% of the company's annual turnover. Despite the adjustment of the penalties in proportion to the scale of infringement, one may not rule out that there is, to a certain extent, a risk that penalties may be imposed on the OEX Group companies.

#### RISK OF CLAIMS AGAINST THE OEX GROUP COMPANIES

One may not rule out the risk that civil, 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 2019 amounted to PLN 100,259 (including kPLN 53,952 of 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 all Management Board Members

Date	Name and Surname	Function	Signature
05 September 2019	Jerzy Motz	President of the Management Board	<hr/>
05 September 2019	Rafał Stempniewicz	Management Board Member	<hr/>
05 September 2019	Robert Krasowski	Management Board Member	<hr/>
05 September 2019	Artur Wojtaszek	Management Board Member	<hr/>
05 September 2019	Tomasz Słowiński	Management Board Member	<hr/>