



**Management report on activities**

**Of OPTeam S.A.**

**In H1 of 2015**

**i.e. from 01.01.2015 to 30.06.2015**

Tajęcina, 31 August 2015

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## 1. Basic information about the Issuer's organisation and operations, as well as the principles for drawing up the semi-annual condensed financial statement.

Issuer: **OPTeam S.A.**

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Authorised capital of PLN 730.000 fully paid up

Web page: [www.opteam.pl](http://www.opteam.pl)

Issuer's shares are noted on parallel market 5 PLUS of Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.]

WSE symbol OPM

WSE symbol Information Technology

Indices WIG

Depository, clearing and settlement system National Depository for Securities [Krajowy Depozyt Papierów Wartościowych S.A. - KDPW]

### 1) Basic information about the Issuer's products and services.

As an integrator, the Company's commercial activities were based on the following products portfolio:

**Comarch ERP** –a group of ERP systems (Optima, XL, Altum) dedicated for business sector, comprising full implementations in small, medium and large companies starting from delivery and implementation to servicing and maintenance. The system include complete modules handling the following areas of the enterprise: logistics, accounting, manufacturing, HR and payroll, business intelligence, etc.

**Unit4TETA** –ERP system addressed mainly to the tertiary education (Teta EDU line), the product comprises such functionalities as: logistics, accounting, HR and payroll, etc.

A special attention should be put to rich functionalities of HR and payroll module, which is an important element of competitive advantage.

Proprietary products and systems on which the Company based its sales are:

**OPTiCAMP** –OPTicamp –electronic identification systems in education.

The OPTicamp product group include electronic student ID cards at various levels of education (secondary, tertiary, postgrad) with campus functions i.a. access control, logon to computer labs, digital signature (PKI), handling micropayments, printing self-service, library ID, questionnaire and exam functions.

These systems handle all the stages in the life of a smart card identifying a student and, with extra functions, facilitate university/school life.

**OPTiPASS** –electronic corporate card system.

In this system the employee smart card plays many functions according to rights assigned in the organisation's structure. Performed functions: access control, recording work attendance, reception services, digital signature (PKI, SSO), printing/copying devices accountability, handling micropayments and other.

**OPTiRCM** (Records and Case Management) – tools for optimising administrative processes in an organisation. They include document management (incl. registers of invoices, contracts, offices), solutions for secure document storage and archiving. OPTiRCM may be integrated with ERP-class systems, including SAP.

**OPTiCOMMERCE** - a B2C solution, sold in the SaaS model (Software as a Service). OPTiCOMMERCE enables the user to organise and run a large, advanced online store – product, order and warehouse management, with comprehensive logistics and customer relations. System is compatible with ERP systems, including SAP, Comarch CDN XL, Comarch Altum.

## **ERP industry solutions**

This product group includes proprietary systems providing extra functionalities to the ERP systems implemented by the Issuer:

- construction project management – **OPTibudowa**

The functionalities of OPTibudowa include: bid and tender management, negotiation management, cost estimation, work scheduling, document filing, equipment and transport base management, progress tracking for consistence of the construction process with the cost estimates by project manager, recording work attendance and resources at building sites up to completing final project accounts

- manufacturing process management – **OPTiprodukcja**.

The system supports manufacturing processes in enterprises using bar code technology at every stage of the manufacturing process. The application comprises: Technology Generator, Manufacturing Execution and Total

Production Cost Calculator.

- HR and payroll process management (**HR OPTiCenter, HR BPO**) – a solution dedicated for business sector, software for handling HR and payroll processes in outsourcing model – it includes sector's areas – employees portal, e-files, etc. It constitutes a comprehensive offer for medium and large enterprises sector – as an alternative to substantial cost reduction in HR area in the company.

### **Integration & implementation services**

Integration & implementation services include design, development, implementation and maintenance of comprehensive ICT solutions, as well as ICT system management services. Projects executed in this scope apply to the areas of: ICT security (data storage, internet and uninterruptible power supply). This category includes implementation services of third-party systems, including ERP system implementations in business and education sector.

### **Maintenance & post-sales services – customer retention**

The Issuer provides maintenance services to a large group of clients (several hundred entities). Apart from the assistance in systems maintenance (help-desk) updating software and providing IT servicing, this category includes a great variety of additional services as requested by clients and resulting from current usage of the systems.

### **Data Center services (OPTiCPD)**

The services provided by the Issuer's Data Processing Centre include: delivering proprietary products in the SaaS model (Software as a Service), third-party system hosting/colocation, development of backup centres, email services, lease of software in a service model.

### **Training services**

The Issuer's training services include trainings provided as part of the integration and implementation projects and those provided by the Issuer's Training Centre – having the status of Microsoft training centre.

## **2) Related parties of the Issuer.**

The Issuer is equity-linked to Centre of Electronic Clearance Polish ePayment [Centrum Rozliczeń Elektronicznych Polskie ePłatności S.A.] with its seat in Rzeszów. Other related parties of the Company are members of its

management and supervisory bodies, and close family members of those people.

Entities equity-linked to the Issuer:

Name	Seat	OPTeam S.A. stake in authorised capital (%) (%)	OPTeam S.A. stake in votes (%)	Additional notes
Centre of Electronic Clearance Polish ePayment – as an affiliate	Rzeszów	50%	41.16%	The company was established on 18 January 2010 and registered by the Regional Court in Rzeszów, 12th Commercial Division of the National Court Register on 21 January 2010.

The Issuer is not a dominant unit and does not draw up consolidated statements.

Core business of PeP S.A. includes processing transactions with payment cards at POS terminals. The service is provided jointly with Bank BPH, which acts as a clearing agent pursuant to the law provisions in force.

Moreover, the Company provides the option of selling GSM phone credits, running customer loyalty programmes or paying bills.

### **3) Composition of the Issuer's statutory bodies in H1 of 2015:**

#### **The Supervisory Board of OPTeam SA**

Janusz Bober	Chairman of the Supervisory Board
Andrzej Pelczar	Vice Chairman of the Supervisory Board
Wiesław Roman Zaniewicz	Secretary of the Supervisory Board
Marcin Lewandowski	Supervisory Board Member
Andrzej Ziemiński	Supervisory Board Member

#### **The Management Board of OPTeam SA**

Wacław Szary	President of the Management Board
Bogdan Niziołek	Vice President of the Management Board
Ryszard Woźniak	Vice President of the Management Board

#### **4) The principles for drawing up the semi-annual condensed financial statement:**

The semi-annual condensed financial statement was drawn up in compliance with the applicable accounting principles (policy) described in the Issuer's latest annual financial statement and the requirements of International Accounting Standard 34 Interim financial reporting which was ratified by the European Union.

#### **2. Presentation of consequences of changes in the Issuer's organisational structure, including those due to consolidation of business units, acquisition or disposal of units, long-term investments, division, restructuring and abandonment of business.**

In the reporting period there were no events related to changes in the Issuer's structure (consolidation, sale, division).

#### **3. Disclosure on significant transactions concluded by the Issuer or its subsidiary with related parties not at arm's length.**

Information on transactions concluded by the Issuer with related parties was included in financial statement for H1 2015. The transactions were concluded at arm's length.

#### **4. Description of significant risk factors and threats connected with the remainder of the business year, including the extent of exposure.**

##### ***4.1 Risk related to the effect of the macroeconomic situation on the Issuer's operations***

The Issuer's financial situation depends on the economic situation in Poland and worldwide. The financial results generated by the Company are affected by: GDP growth rate, inflation rate, unemployment rate as well as government fiscal and monetary policy and changes in consumption. These factors exert a strong influence on purchases of ICT products. There is a risk that if the economic situation in Poland or worldwide deteriorates in the long term, consumer demand drops or the government introduces economic policies that might have a negative impact on the Company's market standing, the financial results it generates may decline.

The Issuer's bidding activity in business sectors where the influence of macroeconomic factors does not impact heavily on investment decisions, as well as product and market diversification of products offered by the Issuer, should limit the potentially harmful consequences of macroeconomic factors on the Company's operations. The Issuer is exposed to this risk in moderate extent.

#### **4.2 Risk related to technological changes in the sector and new product development.**

The IT sector is characterised by the fast development of solutions and technologies, hence the product life cycle in the market is relatively short. The Issuer's continued operations depend to a large extent on the ability to apply cutting-edge technological solutions in its products and services.

There is a risk that new solutions may appear in the market that will cause the Issuer's products to become unattractive and fail to ensure the receipts anticipated during design and development stages. Moreover, there is a risk that new technological solutions designed or developed by the Issuer now or in the future fail to achieve the expected parameters, which would have a negative impact on the Issuer's ability to recover the costs incurred.

The Issuer analyses the new emerging market trends in IT technologies and product development and their potential applications. They also establish and maintain trade relations with key customers. These relations underlie activities aimed at adjusting the products offered to customer expectations. Staff are trained on implementing new IT solutions. The Issuer makes efforts to maintain the high technological level of its proprietary products and services, continually expanding the scope of functionalities and applications, that is why the danger resulting from this risk is little.

#### **4.3 Risk of industry consolidation.**

Consolidation processes in the IT sector help reinforce the market position of several largest businesses, limiting growth potential of small and medium-sized enterprises in the ICT market. The strongest domestic businesses strive to take over weaker enterprises, especially from the SME sector, providing to niche segments of the IT market. As a result, the largest businesses expand their competences and gain access to new customer groups. If consolidation activities intensify significantly, the Issuer may lose its market position, which may lead to a decline in sales and financial performance of the Company.

The Issuer's Management Board anticipates dynamic growth of operations due to the development works completed in preceding years. The Issuer fully benefits from cutting-edge infrastructure and technological solutions concentrated in the OPTeam SA Design Center of Modern Technologies in Tajęcina (currently, the Company's head office). Ongoing and planned activities related to the development of proprietary products, building new skills in specialist services should help change the profile of Company sales towards increasing the share of proprietary products and specialist services.

The Company also continues territorial expansion running activity in branches: in Warsaw, Lublin and Cracow. Its goal is to reach out to new customers with the Company's comprehensive offer. The Issuer is also open to taking over smaller businesses from the sector to expand its offer and scope of operations.

In the coming years, these activities should improve the rate of return on sales and increase the scale of operations, which should translate into increasing the Issuer's investment appeal, hence the danger resulting from this risk is little.



#### **4.4 Risk of competition.**

Poland's accession to the European Union brought new players into the Issuer's playing field, operating on an international scale. Those entities are not the Issuer's main competitors, however. Due to a better knowledge of the domestic market, Polish companies pose a bigger threat to its competitive position. There is a risk of intensified competition in the Issuer's business segments, and if the Investor's response is not quick enough, it may lead to loss of market share, decline in revenues from sales and financial results.

The Issuer is moderately exposed to the risk related to competition's activity. It should be highlighted that by having a numerous group of regular trade partners and a very flexible process of production and system implementation, as well as due to the adopted growth strategy, the Issuer should be able to considerably limit the effects of enhanced competition in its market.

#### **4.5 Risk related to the suppliers' changed commercial terms.**

With regard to IT system integration, the Issuer supplies equipment and technologies from manufacturers which can be regarded as global market leaders. The bargaining power of those companies is often incomparably stronger than the Issuer's, and terms of cooperation with customers are usually determined centrally and are non-negotiable. In the Issuer's experience, an unfavourable change in the terms of cooperation with equipment and technology suppliers may not be transferred directly to the terms of cooperation with the Company and its customers. As a result, the Company's rate of return and liquidity may deteriorate, in spite of the supplier diversification policy in place.

#### **4.6 Risk related to IT projects executed by the Issuer.**

The scope of the Issuer's operations includes providing IT services, particularly with regard to integration of advanced IT solutions, systems based on smart card technologies and ERP systems. Agreements concluded between the Issuer and its clients provide for the Issuer to execute certain activities comprising an IT project. Within the framework of a single IT project, proper cooperation is necessary between the project team originating from the Company and employees delegated by the service buyer. This generates a certain risk of human error. On the one hand, the conditions and circumstances of the service may be defined incorrectly by the service buyer's team, and on the other, the Issuer's staff may take an inappropriate approach. As a result, they may fail to deliver the right solution to the service buyer. This may lead to the latter incurring losses and consequently claiming damages from the Issuer, prolonging the involvement in the IT project, delaying payment. Such steps may have a negative impact on the Issuer's situation, hence the dangers resulting from that risk are qualified as moderate..

To minimise this risk factor, procedures have been put in place and are applied consistently in project management and project execution monitoring, including project finance, using implemented software. The Issuer implemented

such tools and gradually develops them. At present, further works are pending, aimed at correlating the project management solutions with the product structure offered by the Company.

#### **4.7 Financial instruments with regard to price, credit risk and others.**

The Company is not exposed to significant financial instrument risks, seen as the main financial instruments as of the date of this report were cash in the Polish currency, trade and other receivables, shares in Polish ePayment, as well as liabilities under trade, loans, leases titles. Taking into account the above, due to small range of transactions in foreign currencies, the currency risk is not significant.

### **5. Identification of proceedings at court, arbitration bodies of proper jurisdiction or public administration bodies.**

As of 30 June 2015 and in the period covered by this Report, OPTeam S.A. was not involved in proceedings at court or another body regarding liabilities or debts, whose individual or combined amounts exceeded at least 10% of equity.

The only case in progress against OPTeam S.A. was brought in by Centrum Elektronicznych Usług Płatniczych eService S.A. with its seat in Warsaw, to establish intellectual property rights to payment terminal software developed by OPTeam S.A. The case ended on 12.05.2015 with court settlement. The settlement exhausts all claims of the parties related to the proceedings before Regional Court in Warsaw 20th Commercial Law Division ref. no.XXGC 287/11. The results of the settlement were appropriately taken into consideration in the interim condensed financial statement drawn up for the first half of 2015.

### **6. The Management Board's position on the viability of previously published performance forecasts.**

The Company did not publish forecasts for 2015.

### **7. Identification of shareholders holding at least 5% of the overall number of votes at the Issuer's general meeting directly or indirectly through subsidiaries as of the semi-annual report publication date.**

To the best of the Company's knowledge, the following shareholders hold directly at least 5 % of the overall number of votes at the General Meeting of OPTeam S.A. as of the publication date of the semi-annual report:

Shareholder	Number of shares and votes at the GMS	% share in authorised capital and overall number of votes at the GMS
Janusz Bober	1 372 523	18.80 %
Andrzej Pelczar	1 372 523	18.80 %
Ryszard Woźniak	1 378 512	18.88 %
Wacław Irzeński	1 372 523	18.80 %
Wacław Szary	407 899	5.59 %

The Issuer has no subsidiaries, thus share in votes indirectly through subsidiaries has no place. The shareholding structure is updated on the basis of formal notifications from shareholders holding no less than 5 % of the overall number of votes at the General Meeting of the Company Shareholders. In the time from submitting the periodic report for Q1 of 2015 until the date of publication of this report there were changes in the structure of the Issuer's major stakeholders. On 15 July 2015 the Issuer received a notice from Wacław Szary performing the function of the President of the Management Board on transaction related to purchase of OPTeam shares:

- on 7 July 2015 500 shares were bought;
- on 14 July 2015 in two transactions 2604 shares were bought.

As a result of the transactions disclosed above the number of Issuer's shares held by Wacław Szary increased from 404 795 to 407 899.

## 8. Listing of holding or titles to the Issuer's shares by the Issuer's executive and non-executive officers as of the publication date of the semi-annual report, including changes in shareholding, since the publication of the previous report, separately for each individual.

The table below presents the shareholding structure of OPTeam S.A. by members of Management Board and Supervisory Board of OPTeam S.A. on the publication date of the semi-annual report, separately for each individual.

Shareholder	Number of shares and votes at the GMS of OPTeam SA	Nominal value in PLN	% share in authorised capital and overall number of votes at the GMS of OPTeam SA
Janusz Bober –Chairman of the Supervisory Board	1 372 523	137 252.30	18.80%
Andrzej Pelczar –Vice Chairman of the Supervisory Board	1 372 523	137 252.30	18.80%

Ryszard Woźniak - Vice President of the Management Board	1 378 512	137 851.20	18.88%
Wacław Szary –President of the Management Board	407 899	40 789.90	5.59 %
Bogdan Niziolek - Vice President of the Management Board	9 908	990.80	0.14%

Changes in the substantial share packages held by supervising and managing officers were described in point 7 above.

## 9. Information on loan sureties or securities granted by the Issuer – to one entity or its subsidiary, if the total amount of existing sureties or guarantees is equivalent to at least 10 % of the Issuer's equity

- 1) As of 30 June 2015 and during the reporting period covered by this Report OPTeam Company was bound by loan surety agreement for the affiliated company Centre of Electronic Clearance Polish ePayment with its seat in Rzeszów (Loan Surety Agreement concluded on 25 February 2013 with amendments no 1-3, the most recent amendment signed on 19.03.2015).

As of the date of this report the surety to the aforementioned loan agreement expired. On 28 July 2015 OPTeam Company received a notice from ING Bank Śląski SA on expiry of surety agreement of 25.02.2013 in relation to total repayment of liabilities resulting from the Multi-Product Agreement no 676/2011/00003875/00 concluded between Bank and Centre of Electronic Clearance Polish ePayment with its seat in Rzeszów.

Despite the fact, that the aforesaid loan surety agreement expired, the Issuer discloses the conditions of surety due to its presence in the reporting period. By signing the surety agreements, the Issuer consented to extend joint and several surety with Polish Security Printing Works in Warsaw, the other shareholder of Polish ePayment, with regard to the loan granted by ING Bank Śląski to Polish ePayment within the scope of the multi-product loan agreement (agreement no 676/2011/00003875/00 of 21.02.2011 along with amendments from no 1 to no 6) totalling PLN 4,000,000 (four million zlotys) with repayment dates: up to 20.05.2015 – repayment of PLN 2,000,000 overdraft, up to 1.07.2015 – repayment of PLN 2,000,000 working capital facility in credit account. The surety covered the Issuer's pledge to settle all liabilities of Polish ePayment under the above-mentioned loan agreement. Moreover, the Issuer made a statement of consent to debt enforcement in compliance with the provisions of the Code of Civil Procedure with regard to all liabilities arising out of the surety agreement. Pursuant to the statement referred to hereinabove, the Issuer consented to the Bank issuing a writ of execution up to PLN 6,000,000.00 (six million zlotys) including authorisation of the Bank to apply to the court of proper jurisdiction to grant an enforcement clause up to 07.07.2018

- 2) The Management Board of OPTeam S.A. signed a surety agreement for the affiliated company Centre of Electronic

Clearance Polish ePayment with its seat in Rzeszów. The agreement of 22.04.2013 was signed by: OPTeam S.A. as the Surety, -Kolporter Sp. z o.o. spółka komandytowo-akcyjna (limited joint-stock partnership, formerly Kolporter S.A.) with its seat in Kielce – acting as the Seller, Centre of Electronic Clearance Polish ePayment with its seat in Rzeszów (hereinafter Polish ePayment) – acting as the Buyer. By signing the surety agreement, the Issuer has consented to guarantee the timely and complete repayment of the Buyer's liabilities, which may arise out of the open-ended cooperation agreement concluded between the Buyer and the Seller. The above-mentioned cooperation agreement involves the Seller providing goods to the Buyer for a fee. The surety includes the Buyer's future debt to the Seller in the full amount up to 7 million zlotys (in words: seven million). The surety is interim and shall expire 12 months after the maturity date of the final invoice issued during the term of the cooperation agreement between the Seller and the Buyer.

Entity	Regon	Type of liability	Amount of liability ( PLN)	Term of surety from - to
Centre of Electronic Clearance Polish ePayment with its registered seat in Rzeszów – security for the payment of debt under multi-product loan agreement concluded on 21.02.2011 no 676/2011/00003875/00, granted by <b>ING Bank Śląski S.A.</b> along with amendments from no 1 to 6 (credit limit PLN 4,000,000, repayment dates: PLN 2,000,000 by 20.05.2015, PLN 2,000,000 by 1.07.2015).  Multi-product loan agreement expired on 7.07.2015 (repayment of all liabilities), owing to this the surety agreement as of 25.02.2013 lost legal validity.	180523400	suretyship	Surety up to PLN 6 000 000	From 21.02.2011 to 07.07.2018
Centre of Electronic Clearance Polish ePayment with its seat in Rzeszów – security for the payment of debt to <b>Kolporter Sp. z o.o.</b> under goods supply agreement for PeP, concluded on 22.04.2013	180523400	guarantee of liabilities	Surety up to PLN 7 000 000	From 22.04.2013 up to 12 months after the due date of the final invoice issued by Kolporter Sp. z o.o.

10. Information which is important in the assessment of the Issuer's situation in terms of staff, assets, finance, financial performance and their changes, as well as information which is important in assessing the ability to meet liabilities.

As of the date of this report there are no events or information significantly affecting the Company's situation in terms of staff, assets and finance. The Issuer settles its payments in a timely manner.

11. Identification of factors which, in the Issuer's opinion, will affect its performance within a time span of at least the coming six months.

The Issuer does not identify factors which may have a significant impact on the performance of OPTeam S.A. within at least the next six months.

### Management Board of OPTeam S.A.:

Wacław Szary

President of  
the  
Management  
Board

Bogdan Niziołek

Vice President of  
the  
Management  
Board

Ryszard Woźniak

Vice President of  
the  
Management  
Board