

# ***Komputronik***

**REPORT ON  
THE ACTIVITIES OF  
KOMPUTRONIK S.A. CAPITAL GROUP  
for the period  
from 1st April 2014 to 31st March 2015**

*Poznan, 19th June 2015.*

Poznan, 19th June 2015.

To the Shareholders, Contractors and Employees of Komputronik S.A.

*Dear Sirs/Madams,*

On behalf of the Management Board, I present to you the annual report of the Komputronik Capital Group. This report has been prepared for the fiscal year 2014 ending on 31st March 2015.

The ended financial year brought new expected increases in earnings at almost every level. Consistently expanded business scale, while maintaining a highly competitive offer, allowed us to achieve better efficiency indicators and lower transaction costs. The Group developed in all areas of activity – retail, Internet and telephone sales, wholesale sales and the increasingly complex service of business customers.

The Group generated revenue of **PLN 2.25 billion**, i.e. higher by more than **31%** than a year earlier. With enormous commitment and optimisation of many aspects of business operations pursued for years, we managed to increase **our operating profit by over 49%** (PLN 31.5 million vs. PLN 21.1 million) and **gross profit growth by over 100%** (PLN 26 million vs. PLN 12.9 million a year earlier). The improved performance was due to a moderate increase in costs – by 12.9%, with an increase in sales revenue by 18.3%. As a result, the cost to income ratio in the Group decreased to 5.9% compared to 6.9% a year earlier.

Komputronik successfully increases sales in chain stores and over the Internet. The Komputronik Megastore project is maturing and is appreciated by our customers – our shops achieve more and better sales results. We have started the process of enlarging selected stores and offering home appliances – already 18 stores have an extended range on display, and all of them offer the entire product range through touch kiosks installed in the stores which provide access to the full product range offered by Komputronik.pl online store. For many years, the Komputronik chain has successfully used the hybrid sales model, now intensively gaining in popularity as the Omni-channel. Today, we are considering adapting our offer and ways of reaching the target groups, which in a few years will become a standard solution in the market.

Noteworthy is the fact that Komputronik S.A. joined Expert International purchasing group, based in Switzerland. This is one of the largest alliances of retail companies from the consumer electronics market in the world – it operates in 24 countries, has more than 7,200 stores and employs more than 30,000 employees, and its member companies generate an annual revenue of over 20 billion euros. Membership in the group allows for more effective negotiations with manufacturers and obtaining additional cash bonuses for income received, and also gives access to unique knowledge and advice in the field of retail and online sale.

We have also achieved large increases in the business sale segment as well as continued growth in the number of sales and sales support teams. The Komputronik Health Care Department has also achieved the first

successes and implemented very important contracts in the framework of public tenders.

Komputronik continues to support sales in the neighbouring consumer markets. We develop sales via our Russian website Komputronik.ru, we record strong growth of sales in the Czech Republic and achieve spectacular growth in revenues in the newly opened German market – as part of Komputronik GmbH, based in Berlin.

Thanks to its dynamic and stable policies for sustainable growth and achieved profits, the Komputronik Group continuously confirms that a strategy based on diversification allows to conduct business on a solid foundation and at the same time respond flexibly to changes. With this strategy, we achieve the appropriate economies of scale in many areas of our activity – this allows us to draw up ambitious plans to increase the Group's presence in new industries and markets. The new central warehouse with an effective area of over 19,000 m<sup>2</sup> opened in May 2015 will allow us to implement much more efficient stocking and logistics processes as well as further reduce the operating costs of individual transactions.

Symptoms indicating improving economic conditions reinforce the interest and activity of consumers and business customers in the areas of modern technology. Prospects for stable economic situation in Poland and growing exports of the Polish economy allow us to plan further sustainable growth of our business.

The financial market notices a stable path of development for the Komputronik Group. The company's share price during the year increased by 28%, and by 95% over the past two years. At the moment of preparing this document, the price of Komputronik's shares on the Warsaw Stock Exchange amounted to PLN 11.40.

Yours faithfully,

Wojciech Buczkowski  
Chairman of the Board of Komputronik

## Balance Sheet

Assets	2015-03-31	2014-03-31
<b>Fixed assets</b>		
Goodwill	24 501	24 501
Intangible assets	19 771	18 752
Tangible fixed assets	34 434	31 960
Investments in immovable property	26 295	11 072
Investments in subsidiaries		
Investments in associated undertakings		
Receivables and loans		
Derivative financial assets		
Other long-term financial assets		
Long-term prepayments and accrued income	7	8
Deferred income tax assets	13 006	14 809
<b>Fixed assets</b>	<b>118 014</b>	<b>101 102</b>
<b>Current Assets</b>		
Stocks	219 986	135 196
Trade receivables under the contracts for provision of construction services		
Trade receivables and other receivables	204 953	212 407
Current income tax receivables	204	153
Loans	3 029	2 101
Derivative financial instruments	221	10
Other short-term financial assets	4	
Short-term prepayments and accrued income	3 097	1 473
Cash and cash equivalents	19 575	9 024
Fixed assets classified as held for sale		
<b>Current Assets</b>	<b>451 069</b>	<b>360 364</b>
<b>Total assets</b>	<b>569 083</b>	<b>461 466</b>

## Balance Sheet

<b>Liabilities</b>	2015-03-31	2014-03-31
<b>Equity</b>		
<i>Equity attributable to shareholders of the parent company:</i>		
Primary capital	957	957
Own shares (-)	(499)	
Premium share capital	76 875	76 906
Other capitals	2 607	2 617
Retained earnings:	84 592	66 441
- profit (loss) from previous years	63 840	42 548
- net profit (loss) attributable to shareholders of the parent company	20 752	23 893
Foreign currency translation differences	4	
Equity attributable to shareholders of the parent company	164 536	146 921
Minority interests	660	511
Equity	165 196	147 432
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Loans, borrowings and other debt instruments	29 000	
Financial leasing	754	256
Derivative financial instruments		
Other liabilities		
Provisions for deferred income tax	5 076	6 589
Provisions for employees benefits		
Other long-term provisions		
Long-term accruals	3 049	
Long-term liabilities	37 879	6 845
<b>Short-term liabilities</b>		
Trade liabilities and other liabilities	286 519	216 368
Current income tax liabilities	1 196	379
Loans, borrowings and other debt instruments	67 761	81 289
Financial leasing	481	546
Derivative financial instruments	436	22
Provisions for employees benefits	5 200	4 571
Other short-term provisions		
Short-term accruals	4 416	4 014
Liabilities associated with fixed assets classified as held for sale		
Short-term liabilities	366 009	307 189
Total Liabilities	403 888	314 034
<b>Total Liabilities</b>	<b>569 084</b>	<b>461 466</b>

## Profit & Loss

	od 2014-04-01 do 2015-03-31	od 2013-04-01 do 2014-03-31
<b>Continuing operations</b>		
<b>Income from sale</b>	2 246 399	1 715 561
Income from sale of products		
Income from sale of services	63 185	61 612
Income from sale of goods and materials	2 183 214	1 653 949
<b>Cost of goods sold</b>	2 081 512	1 576 135
Costs of products sold		
Costs of services sold	19 355	22 331
Cost of goods and materials sold	2 062 157	1 553 804
<b>Gross profit (loss) on sales</b>	164 887	139 426
Selling costs	101 657	89 938
Administrative expenses	31 557	28 101
Other operating income	2 807	3 534
Other operating costs	2 945	3 773
Profit (loss) from the sale of subsidiaries (+/-)		
<b>Operating profit (loss)</b>	31 535	21 148
Financial income	6 301	2 949
Financial costs	11 954	11 108
Participation in the profit (loss) of undertakings valued using the equity method (+/-)	159	
<b>Profit (loss) before tax</b>	26 041	12 989
Income tax	5 137	(11 090)
<b>Net profit (loss) from continuing operations</b>	20 904	24 079
<b>Discontinued operations</b>		
Net profit (loss) from discontinued operations		
<b>Net profit (loss)</b>	20 904	24 079
<b>Net profit (loss) attributable to:</b>		
- shareholders of the parent company	20 755	23 864
- minority interests	<b>149</b>	<b>215</b>

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

	od 2014-04-01 do 2015-03-31	od 2013-04-01 do 2014-03-31
<i>from continuing operations</i>		
- basic	2,19	2,50
- diluted	2,16	2,48
<i>from continuing and discontinued operations</i>		
- basic	2,19	2,50
- diluted	2,16	2,48

## Cash Flow

	od 2014-04-01 do 2015-03-31	od 2013-04-01 do 2014-03-31
<b>Operating cash flows</b>		
<b>Profit (loss) before tax</b>	<b>26 042</b>	<b>12 991</b>
Adjustments	<b>15 249</b>	<b>12 439</b>
Movements in working capital	<b>(22 115)</b>	<b>(17 796)</b>
Inflows (outflows) from settlement of derivative instruments		
Interests paid on operating activities		
Income tax paid	(3 782)	103
<b>Net cash flow from operating activities</b>	<b>15 394</b>	<b>7 737</b>
<b>Investment cash flows</b>		
Outflows for the purchase of intangible assets	(5 450)	(3 627)
Inflows from the sale of intangible assets		
Outflows for the purchase of tangible fixed assets	(8 163)	(7 120)
Inflows from the sale of tangible fixed assets	181	283
Outflows for the purchase of investments in immovable property	(83)	(8)
Inflows from the sale of investments in immovable property		
Net outflows for the acquisition of subsidiaries	(30)	
Net inflows for the sale of subsidiaries		
Received repayments of loans granted	1 128	7 552
Loans granted	(752)	(5 094)
Outflows for the purchase of other financial assets	(35)	
Inflows from the sale of other financial assets	29	
Inflows from government subsidies received		
Interests received	872	460
Dividends received		
<b>Net cash from investment activities</b>	<b>(12 303)</b>	<b>(7 554)</b>
<b>Financial cash flows</b>		
Net inflows from issue of shares	(31)	730
Purchase of own shares	(499)	
Transactions with non-controlling interests without loss of control		(4 211)
Inflows from issue of debt securities		
Redemption of debt securities		
Inflows from borrowings and loans	18 495	12 921
Repayment of borrowings and loans	(3 371)	(986)
Payment of liabilities under financial lease agreements	(579)	(1 636)
Other financial inflows - including factoring		
Other financial outflows		
Interest paid	(4 038)	(3 158)
Dividends paid	(2 496)	(1 039)
<b>Net cash flows from financial activities</b>	<b>7 481</b>	<b>2 621</b>
<b>Net change in cash and cash equivalents</b>	<b>10 572</b>	<b>2 804</b>
Cash and cash equivalents at the beginning of the period	9 003	6 199
Changes resulting from currency transaction differences	(6)	
<b>Cash and cash equivalents at the end of the period</b>	<b>19 569</b>	<b>9 003</b>